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# NEW JERSEY'S RAIL TRANSPORTATION PROBLEM

## A Review and SUGGESTIONS FOR IMMEDIATE and LONG RANGE ACTION

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*Report to*  
GOVERNOR ROBERT B. MEYNER  
and the  
NEW JERSEY STATE LEGISLATURE

NEW JERSEY STATE HIGHWAY DEPT.  
DIVISION OF RAILROAD TRANSPORTATION

APRIL 1960









STATE OF NEW JERSEY  
STATE HIGHWAY DEPARTMENT  
TRENTON

*His Excellency*, GOVERNOR ROBERT B. MEYNER  
and Members of the New Jersey Legislature

The staff of the Division of Railroad Transportation and I have devoted ourselves to exhaustive studies and analyses of the rail transportation problem as a result of which it is my privilege to submit herewith a program for sustaining and improving rail passenger service in our State.

Contributions over the years by other agencies, commuter groups and individuals on the mass transportation needs of both the Camden and North Jersey Metropolitan Areas, supplemented by findings of this Division, leads us to the premise that: if New Jersey is to accept the challenge of progress; if the State is to take advantage of its strategic position in the center of the Atlantic Seaboard Metropolis and develop its economy to its greatest potential—the facilities for the movement of persons and goods must not only be maintained but must be improved.

Suburban railroads are an essential part of our State's transportation network. It is in the public interest, in terms of convenience, economy and safety, to take such action as will continue and improve rail passenger service.

The Division has studied with great care programs for improved transportation being developed in other metropolitan areas, has examined all suggestions for transit improvements that have been submitted and has solicited advice and assistance from municipal agencies established to cope with transportation problems and from rail commuter groups. The Division has also consulted labor and railroad representatives on certain aspects of the rail crisis. These studies and investigations have resulted in our arriving at the following conclusions:

1. The railroads providing suburban service in New Jersey are generally incurring substantial annual deficits; reducing the service and raising travel rates have not provided the effective remedies required to eliminate losses; if our citizenry and their elected officials want rail service as presently being operated, then the public must share in the cost of providing it.
2. Use of the railroads by New Jersey residents is principally for commutation or peak hour service; there is little likelihood that the off-peak period patronage can be returned to the railroads in any volume unless over-all convenience and costs are competitive with automobiles and bus service.
3. There are certain exceptions to the aforementioned conclusions in the case of the Pennsylvania Railroad as its tunnel provides direct service to mid-Manhattan. This convenience together with the great potential for development in the areas served by it should attract substantial off-peak period patronage as well as that of commuters.
4. The Port of New York Authority should not, in our opinion, be handed New Jersey's rail transportation problem, nor should it become responsible for the New York subway system or for rail transportation for Westchester or Long Island. We are certain however that the interstate aspects of the rail movement of persons and goods such as purchase and lease of

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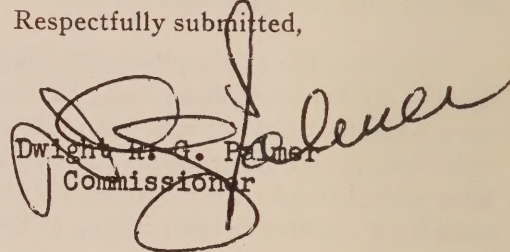


new Hudson and Manhattan commuter cars and the purchase of the existing interstate railroad ferry boats, do come within their obligations. The foregoing fully recognizes the importance of maintaining the Port of New York Authority's commitments and credit requirements.

5. For convenience and economy, improvement programs must eliminate the transfer at the Hudson River on heavily patronized routes and simplify it on others. An integrated network of modern rail transit, highways and bus routes as we see it is necessary to provide transportation needs—such a network can be self-supporting if placed under the direction of one agency and if advantage is taken of the latest technological developments to reduce operating costs.
6. Providing facilities to enable land vehicles to cross large rivers—whether it be of our eastern or western boundaries—is incredibly expensive; yet these links are indispensable to a free flow of traffic.
7. Whatever course of action may be taken by New Jersey, it will fall short of its goal unless other governments—Federal as well as those of sister States—join in the effort with full, active and sincere cooperation.

I believe the Division's program for action as outlined in the final pages of the report is consistent with the stated conclusions and is fully justified by the documentation in the text.

Respectfully submitted,

  
Dwight H. G. Palmer  
Commissioner

April 4, 1960

NEW JERSEY  
STATE HIGHWAY DEPARTMENT  
DIVISION OF RAILROAD TRANSPORTATION

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*Report to*  
GOVERNOR ROBERT B. MEYNER  
*and the*  
NEW JERSEY STATE LEGISLATURE



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## A REVIEW—THE TRANSPORTATION DILEMMA

New Jersey has for a considerable period been in the throes of a transportation crisis. Its highways have long since reached the point of over-saturation. Railroads providing suburban train service have been curtailing their operations, foregoing desirable maintenance and raising fares in futile attempts to neutralize the deficits of passenger service. With each curtailment and rate increase more commuters resort to highway travel, thus compounding the problem. The law of diminishing returns has caught up with us.

The Federal Interstate Highway construction program has had to be curtailed due to Federal Highway Trust Fund receipts being currently inadequate to execute the proposed program and in some states sufficient funds are unavailable to fill the gap in "working capital". The Interstate Routes even when completed will not be a substitute for rail transportation. New Jersey metropolitan areas need both—the service of one complementing the other—in order to meet its transportation needs.

The "mass transportation" crisis had its origin many years ago. It has been a cumulative situation reflecting not only growing population but changing travel habits. It is also the result of our higher standard of living, mounting prosperity, shorter work week and the fact that automobiles are now considered a necessity, no longer a luxury—one might almost term them a symbol of our American way of life.

Our living conditions are constantly changing and generally in ways that increase the transportation load. "Row houses" are obsolete in most communities; the "walk-up" apartment is no longer popular. The trend has been to suburban living, with each family having its own lot. Result—greater distances from home to the railroad station, further discouraging rail travel.

Some zoning ordinances force new industrial operations to have extensive grounds with large parking areas; height of buildings is limited and buffer zones adjacent to residential areas are provided. Result—many plants move to the open country where space for growth is available and where access for workers is more generally by auto or bus.

Along the established rail routes highways have become congested as a greater percentage of those patronizing the rails drive to railroad stations rather than walk or ride the trolley as they used to do.

Parking areas are usually inadequate. Merchants complain because commuters preempt parking facilities intended for patrons. Charges for parking have discouraged rail patronage contributing to a further expansion of motor traffic. It's a vicious circle. Each new highway, bridge or tunnel generates more traffic and the spectacular growth of automobile traffic has made it necessary to spend larger and larger sums for additional transportation facilities. Most of these reach their peak period of saturation prior to completion.

The troubles of the railroads have continued to multiply and with inflation their operating costs have mounted. The railroads state that they can no longer burden their freight rates with passenger deficits. Some are even concerned as to their ability to maintain their over-all activities. Competition from trucks, airlines and water carriers (which are furnished part of their facilities via tax dollars), the railroads point out, has become too keen. And as the railroads receive no such assistance they are economically pressed to discontinue a service that requires equipment and personnel to take care of a shrinking passenger patronage which in volume uses their service only a few hours each day.

The increasing vehicular demand for both business and recreational purposes brought into being the New Jersey Turnpike, the Garden State Parkway, and other major highway improvements throughout our State, including trans-Hudson Port of New York Authority facilities to the north and the Delaware River Bridges to the west and south. The creation and development of such facilities has resulted in loss to the railroads of millions of dollars in passenger and freight revenues.

The problem appeared so critical that bi-State commissions were formed to study it. Exhaustive surveys were made by the Metropolitan Rapid Transit Commission; data were recorded and analyzed, engineering determinations were made, feasibility was examined, financing suggested and legislation submitted. The results—negative. Some considered the plans proposed too ambitious; others balked at the prospect of added property taxes to support public transportation. Imperfect as the proposals may have appeared to many, others favored action on the plan.

Months before the Division of Railroad Transportation came into being, Highway Department per-



sonnel were recruited on a "Please help" basis in anticipation of action by the U. S. Supreme Court granting the New York Central permission to discontinue its West Shore Ferry Service, which would have left nearly 4,000 daily commuters stranded on the West bank of the Hudson. Steps were taken at the state level to provide facilities to cope with the emergency. At the direction of the Governor the Highway Department stepped into the breach and saw to it that enough buses were available to carry the West Shore passengers to Manhattan and return. This was accomplished with the full cooperation of our state's bus lines after thorough studies, station-by-station, of passenger origin.

A progressive and realistic transportation philosophy was crystallized by the State Highway Department to the effect that the Department's responsibility is to provide for the movement of people as well as the movement of vehicles. With the adoption of this philosophy, it was recognized that the suburban railroads were an essential ally of the State Highway System, for if the daily service to rail passengers were suddenly to cease, traffic conditions in the metropolitan areas, already intolerable in commuter hours, would become chaotic.

On March 12th Senate Bill #4 (Ch. 14, P.L. 1959) was executed creating the Division of Railroad Transportation. The Division marshalled engineers with knowledge of transportation in all its aspects; accountants who could analyze the railroads' claims of losses; financial and property consultants as well as legal counsel.

Maps of the State were prepared showing operating railroads and all the principal highways. Studies were undertaken for new track connections, signaling, terminal and station improvements and consolidation; for improved parking facilities, extension of electrification, elimination of grade crossings, new passenger equipment and accessory projects.

The big deficiency — not wholly unforeseen of course — was financial. Where was the money to come from to meet the urgent need? Everything on the drawing boards and in the plans of the Division would cost money and the state budget was inflexible. A source of funds had to be found.

Financial advisers were requested to examine the possible availability of surplus earnings of our toll highways. Counsel analyzed the documents. A multiplicity of figures and statistics were compiled. An examination of the operations of the New Jersey Turnpike indicated the probability of sufficient "surplus" funds to take care of the rail transportation difficulties, as well as other transport needs.

Were these funds to be made available it was felt that the first practical approach ever taken by the State towards solving the problem on an over-all basis could be realized. It was this plan that was presented to the Legislature during the Summer of 1959.

There were four steps to be accomplished. First, it would be necessary for the Legislature to pass a bill pledging the State's credit to the bondholders in exchange for the surrender of their claim to the Turnpike surplus earnings. This was done — the Turnpike Surplus Bill (A-692) passed the Legislature by an overwhelming majority. The second step was a program for informing the voters on the issue — not an easy task in the time available.

State funds, some argued, should not be spent to inform the voters about the program; others claimed that it was the Division's duty to make the facts available to the electorate and that not enough money had been appropriated to inform the voters properly on such a momentous issue. Meetings were arranged with every organization that was requesting first-hand information. Among the points emphasized were these: Under the National Transportation Act of 1958, authority was given the I.C.C. to permit discontinuance of individual trains, overriding orders to the contrary by State Governments or State regulatory agencies; New Jersey was watching its suburban rail service decline while cities like Los Angeles which had let rail service disappear were now at great cost striving hard to restore it; in Massachusetts the Metropolitan Transit District, serving the Boston area, had its operating deficits made up by the taxpayers in the communities being served, unless the Turnpike surplus was used for transportation purposes the Turnpike would become a free road around 1974 when it was contemplated its debt would be paid off; operation and maintenance costs would then be a further drain on New Jersey taxpayers, this for a highway the facilities of which were being used in excess of fifty per cent by out-of-state traffic — both passenger and freight; suburban service, the object of this program, included not only Metropolitan New York area commuters but those in the Camden-Philadelphia area, as well as people whose place of business is in Newark, Jersey City, Paterson, Harrison, Trenton, Princeton, New Brunswick, the Amboys and elsewhere in the State.

A committee of public-spirited citizens organized as the Citizens Committee for Transportation Referendum #3. Their objective was to present to the electorate state wide, the proposal to use the Turnpike surpluses to finance transportation im-

provement throughout the State. This proposal designated as Referendum #3 on the ballot, was submitted to the electorate on November 3, 1959. This was step number three. The Citizens Committee actively campaigned for its support; its opponents campaigned no less actively for its defeat. It was reported that one county appropriated considerable funds for a state-wide drive against the proposal; that certain automobile service associations actively opposed it. Despite the vigorous opposition, the lack of factual information and much misrepresentation, 646,664 voters — nearly 43% of those voting endorsed this approach to solve transportation problems.\* Had the electorate approved, the fourth step would have been to obtain the consent of the bondholders to the plan making possible the placement of surpluses in a trust fund dedicated strictly to transportation uses and to make this fund available only for such transit projects as might have legislative and executive approval.

#### **NORTH METROPOLITAN AREA COMMUTER TRENDS**

The data compiled by the Metropolitan Rapid Transit Commission on origin and destination of trans-Hudson travel and on mass transportation trends in the Metropolitan area, pointed toward conclusions that had to be recognized in contemplating our State's future transportation needs.

It is significant that in some areas commuter travel is predominantly by rail, with no real threat from competing forms of transportation. In other areas rail service is steadily declining and interstate motor-bus patronage and private auto usage are increasing. Charts indicating trends in rail patronage for all carriers are included in the appendix. Where data were available the charts indicate traffic during the commuter hours, week ends and total patronage since 1929.

The plotted trends emphasize that in the area south of Manhattan along the New Jersey Coast and southwest along the main line of the Pennsylvania Railroad, where special commuter trains serve Rahway, South Amboy, Bay Head, New Brunswick and Trenton, there has been an increase in peak hour travel in the last few years; and from New Brunswick and Trenton the average week-day travel is increasing. Week-end patronage appears to have stabilized after several years of sharp annual declines.

\* See appendix for tabulation and analysis of the vote by counties and a summary of public information programs by the Citizens Committee and the Division.

Along the main line of the Central Railroad Company of New Jersey (Jersey Central) and along the Morristown and Gladstone Branches of the Delaware, Lackawanna and Western Railroad (Lackawanna), southwest and west of Manhattan interstate commuting is still predominantly by rail although the decline in Lackawanna patronage since 1956 has been severe. In 1947 the Lackawanna carried approximately 25,000 passengers each weekday between the hours of 7:00 and 9:00 a.m.; in 1956 the number was about 21,000; then it dropped to less than 15,000 in 1959. Week-end patronage also declined sharply from 1947 to 1954. Saturday travel has since leveled off somewhat but Sunday patronage continues to decline. Separate statistics could not be obtained for branch lines to compare trends with total service. Representatives of the Gladstone Branch commuter organization have represented to the Division that interstate patronage at the outlying stations on the Gladstone Branch has increased in recent years, both in commuter and off-peak period travel.

Along the main line of the Jersey Central there has been a continual decline in total patronage from peaks during the late war to the present time, except for a minor reversal in the trend during 1956. The morning peak period patronage (6:30 a.m. to 9:30 a.m.) continued to decline until 1955 when an average of 17,500 commuters used the service. From 1955 through 1957, the peak period traffic increased; in 1958 it held steady at about 18,300 then declined in 1959 to approximately 14,500. Saturday and Sunday patronage has been declining at a continuing rate since 1955.

The area northwest of Manhattan is served by the main line of the Erie Railroad Company (Erie) and its Bergen County, Newark and Greenwood Lake Branches. The Boonton Branch of the Lackawanna and the New York Susquehanna and Western Railroad Company (Susquehanna) also serve the area.

The Erie made a comprehensive check of patronage in the month of February 1953 (using special tickets) and established that an average of 22,833 passenger trips per day were recorded on the Erie main line, Bergen County and Newark Branches. A similar check for four months in 1959 showed a reduction to 15,389 average passenger trips, a loss of 33% in six years. Of further significance is the week-day hourly distribution of this traffic; in 1953, 79.5% occurred between the hours of 7:00 a.m. and 9:15 a.m.; by 1959 this percentage increased to about 88%; off-peak hour use had dropped.

Suburban service on the Boonton Branch of the



Lackawanna is being operated on the basis of an agreement, with a commuter organization, running until January 1962. Much of this route is being reduced to one track, with a central traffic control system.

Susquehanna Railroad patronage increased during the war years to a maximum in 1946. Management put into service new passenger equipment in 1950 and 1951 and publicly promoted its service to midtown Manhattan via transfer to buses in North Bergen. Patronage increased slightly in 1953 then declined steadily to 1956. From 1956 through 1959 patronage declined sharply as commuter habits changed; fares increased and service was reduced.\*

The New Jersey area to the north of Manhattan is now served by the Northern Branch of the Erie and the New Jersey and New York Railroad. The trend in patronage on the N. J. & N. Y. Railroad (under control of a Trustee and operated by the Erie) is in the same pattern, showing substantial declines both before and after the late war. In 1956 and 1957 the trend was reversed slightly, then continued downward in 1958. An increase in 1959 resulted from the termination of New York Central West Shore Ferry Service on March 24, 1959, diverting initially about 300 commuters per day to the N. J. & N. Y.

The Northern Branch patronage has declined at a rate similar to the other Erie lines; the West Shore having initially contributed about 100 of its commuters after March 24th. The Erie reports that by the end of 1959 increases made by West Shore commuters had declined to about 175 on the N. J. & N. Y. and had disappeared entirely on the Northern Branch.

The Reading Company and the Lehigh Valley Railroad Company currently operate two trains per day in commuter hours, the former carrying about 225 passengers and showing an increase in New Jersey patronage (passengers originating southwest of Manhattan); Lehigh Valley reports substantial declines in over-all passenger traffic and continuing decline in commuters, although no statistics to support this contention were submitted.

The Hudson & Manhattan Railroad Co. (H & M) patronage trends, except for the war years, show declines from a peak of about 114 million passengers a year in 1927 to a low in 1957 of about 30 million. Since 1957 the trend has reversed. In 1959 fifty new

cars were put in service on the H & M between Newark and Hudson Terminal. These facilities, together with publicity and concerted efforts to improve the service by its Trustee, the closing of the Erie ferries and increased rates on the Lackawanna and Jersey Central ferries, reversed the downward trend, patronage having increased almost 10% in the past two years.

To summarize, New Jersey areas south and southwest of Manhattan are in general showing constant or increasing rail patronage during commuter hours; directly west of Manhattan rail patronage is declining although a few stations in outlying areas report increases. In areas northwest and north of Manhattan patronage continues to decline except for minor adjustments caused by the West Shore ferry service termination. Midday and week-end use of the rails continues to decline except as noted. Patronage at many of the close-in stations in Hudson, Essex and Bergen Counties has been decreasing continually. Figure 1 (page 6) summarizes current patronage of the ten carriers.

#### **EFFECTS OF HIGHWAY AND PORT AUTHORITY PROGRAMS**

Trends in public travel in the Manhattan commuting periphery will be affected by the highway improvement program planned for completion in the next 5 to 20 years. Although it is estimated that vehicle registrations\* will continue to increase at a rate that will match or exceed added capacity being provided by the new routes nevertheless new highways paralleling railroads are bound to have further adverse effect on rail patronage — primarily during the midday and evening hours.

Any improvement program must take into consideration over-all changing travel patterns and the combined effect of new highways and all other travel facilities.

East-West Interstate Routes 80, 280 and 78, already in part underway, in addition to their statewide service will provide rapid, convenient means for rubber-tired vehicles to reach the Hudson River from many areas now being served principally by rail. It should be noted that only in the case of the George Washington Bridge is trans-Hudson vehicular capacity being increased. The Port Authority does, however, anticipate that about 4,000,000 vehicles per year will be diverted from the Holland Tunnel to the Narrows Bridge after its completion in 1965. Unless new bridges or tunnels are constructed, at costs of several hundred million dollars,

\* In 1955 the Susquehanna lost more than 20% of its freight revenue as a principal shipper moved to a new site; in 1956 the Susquehanna first petitioned to terminate all its passenger service.

\* See page 10.

no substantial increase in trans-Hudson vehicular traffic destined for the central business district of Manhattan could be accommodated during commuter hours. Congestion at the tunnels during peak periods and the travel distance and street congestion within Manhattan to reach centers of employment from the George Washington Bridge would be almost prohibitive. A demand is anticipated for more "park-and-ride" facilities on the highway routes near their eastern terminals or at railroad transfer points in the suburbs.

The interstate routes will also encourage application for express bus service from outlying areas in New Jersey. With the enlargement of the Port Authority terminal on 41st Street (midtown) and the construction of the new terminal on the Manhattan side of the George Washington Bridge capacity to accommodate bus commuters will be increased. The Port Authority advises that at the present time the midtown terminal is operating at the rate of 460 short-haul bus departures in the peak hours, accommodating about 22,000 passengers. Long-haul service is operating at the rate of 120 peak hour bus departures on Friday evenings during the summer season, accommodating 5,000 riders. The expansion of this facility at a published cost of \$20,000,000 will accommodate an additional 215 short-haul commuter departures carrying 11,000 more people, along with an increase of 110 long-haul departures and 4,000 passengers. This will mean in the peak hour daily a bus through the Lincoln Tunnel about every five seconds.

The existing private bus terminals in the vicinity of West 168th Street currently operate at a rate of 140 peak hour trips handling about 7,000 people. These departures will be transferred to the new bridge facility after its completion in 1962 and capacity is being provided for an additional 115 trips, or 6,000 passengers. The Bridge terminal will also accommodate 28 peak hour long-haul trips carrying about 1,000 people. The cost of this facility is reported by the Port Authority to be about 13 million dollars.

The bridge terminal will provide escalators for transfer from bus unloading levels to street level with inside access to the existing Eighth Avenue (175th Street) subway station. Bus commuters will then have at least a 30 minute subway ride for lower Manhattan destinations. Some increase in subway service may be possible, although a crowded, standing ride is the best that New Jersey commuters can expect.

These two projects are evidence of the emphasis

that the Port Authority is placing on improving bus service. Some, and in our opinion rightfully so, question these moves as an adequate overall substitute for the progressive demise of rail transportation schedules. The Authority justifies the added expenditures on the basis that the midtown terminal was rapidly approaching capacity and expanded facilities for accommodating growth were required. In 1959 the midtown terminal operated at a small profit for the first year since its opening in 1950. It is not known when the midtown terminal will again be self-supporting with its increased debt, nor is it known when the George Washington Bridge terminal will become self-supporting. In announcing plans for bus terminal construction and expansion the Authority said that its bus handling facilities, when expanded, would be adequate for needs only on condition that the New Jersey commuter railroads continue operations. So we have both the Highway Department and the Port Authority emphasizing that mass transportation is indispensable.

### SUBURBAN SERVICE DEFICITS

The New Jersey railroads have put forth special efforts to publicize the deficits incurred in operating suburban service.\* A substantial percentage of the public, however, is generally skeptical of the railroads' cry of poverty and losses and an alarming percentage appear to be wholly unconscious that we are not only facing but are in the midst of a serious transportation problem. It is beyond the purview of this report to present an analysis of accounting procedures utilized to reflect the railroads' financial presentation. It should be pointed out, however, that the Interstate Commerce Commission prescribes in detail a "Uniform System of Accounts" to be followed by all railroads in preparing and submitting data on revenues and expenses involved in their entire operations. Railroads that operate both freight and passenger business are required to apportion costs associated with each service on a fully allocated basis. For instance, the cost of maintaining a section of track is divided between passenger and freight business in proportion to the use of the section by each service. Some costs are apportioned on a gross ton-mile basis, others on car-mile reports, still others on train-miles, all as specified by the Commission. The I.C.C. accounting procedures have been criticized by shippers who claim that too large a share of the fixed

\* In this report reference to suburban or commuter service is synonymous.



# NEW JERSEY RAILROADS — SUBURBAN SERVICE

Figure 1

Railroad (1)	Avg. Rev. Pass. Per Weekday (2)	Avg. Rev. Pass. Sat. (3)	Avg. Rev. Pass. Sun. (4)	Total Weekly Rev. Pass. (5)	Avg. Free Pass. Weekdays (6)	Avg. Free Pass. Sat. & Sun. (7)	Total Pass. Carried Weekly (8)	Rev. & Free Peak Period Pass. One Way (9)	Rev. & Free Peak Hour Pass. (10)	Con- structed Annual Total (k) (11)	Reported Annual Totals (n) (12)	% Peak Period Travel to Total Avg. Weekday (One Way) (13)
Central Railroad of New Jersey—Main Line.....	20,763	2,969	1,541	108,325	2,535	1,271	122,271	9,997	8,540	6,358,092		85%
Newark Local.....	975	—	—	4,875	40	—	5,075	377	377	263,900		74%
Atlantic Highlands Br.....	2,084	397	170	10,987	287	82	12,504	1,018	803	650,208		86%
Shore Service (Bay Head) ..	6,481	1,194	612	34,211	838	571	38,972	3,100	2,086	2,026,544		85%
System Sub Total.....	30,303	4,560	2,323	158,398	3,700	1,924	178,822	14,492	11,806	9,298,744	7,300,000	80.5%
Erie Railroad Company Main Line Bergen Co. & Newark Branch .....	14,177	1,340	1,073	73,298	1,212	413	79,771	6,891	5,619	4,148,092		89.5%
Greenwood Lake Div.....	4,184	176	81	21,177	157	22	21,984	2,213	1,797	1,143,168		95%
Northern Railroad .....	1,412	—	—	7,060	26	—	7,190	753	696	373,880		100%
System Sub Total.....	19,773	1,516	1,154	101,535	1,395	435	108,945	9,857	8,112	5,665,140	5,169,064	88%
New Jersey & New York Railroad .....	3,853	270	—	19,535	200	25	20,560	2,229	2,069	1,069,120	992,702 (o)	100%
Pennsylvania Railroad Rahway Service .....	2,274	—	—	11,370	253	—	12,635	924	784	657,020		73%
New Brunswick Service.....	11,043	2,506 (a)	3,045 (a)	60,766	1,041	*	65,971	3,481	2,938	3,430,492		58%
Trenton Service .....	10,603	3,804 (a)	597 (a)	57,416	501	*	59,921	4,353	3,096	3,115,892		78.5%
South Amboy Service.....	6,511	—	170	32,725	485	—	35,150	2,474	1,641	1,827,748		71%
Shore Service .....	11,759	3,846 (a)	2,307 (a)	64,948	796	*	68,928	4,965	2,794	3,584,256		79%
Camden and Trenton.....	166	—	—	830	82	—	1,240	117	117	64,480		94%
Camden and Pemberton.....	405	—	—	2,025	58	—	2,315	222	222	120,380		96%
System Sub Total.....	42,761	10,156	6,119	230,080	3,216	—	246,160	16,536	11,592	12,800,268	11,685,474	72%
Pennsylvania Reading Seashore Lines (b) .....	3,110	3,110	3,110	21,770	*	*	21,770	—	—	—	1,135,186	—
Delaware, Lackawanna and Western .....	47,287	9,387 (a)	5,087 (a)	250,909	3,414	*	267,979	15,086	10,445	13,934,908	11,451,331	65%
Hudson & Manhattan.....	114,841 (c)	55,905 (d)	*	630,110 (e)	*	*	630,110	*	24,900	33,183,124	30,457,569	43% (m)
N. Y., Susquehanna and Western .....	1,465	31 (a)	—	7,356	21	—	7,461	784	729	397,332 (f)	373,722	100%
Reading Company .....	451	23	—	2,278	11	—	2,333	230	230	121,316 (g)	116,907	100%
Lehigh Valley (h) .....	310 (a)	40 (d)	—	1,590	*	*	1,590	*	*	82,680	82,680	100%
New Jersey Totals.....	264,154	84,998		1,423,561			1,463,960			77,687,818	68,764,635	

\* Information not available.

(a) Includes passengers traveling on passes.

(b) There is wide variation between summer and winter seashore schedules so that average weekday, Saturday and Sunday figures are not representative. Estimated totals for 1959 are as follows:

Camden Local .....	427,981
Philadelphia-Atlantic City .....	350,102
Camden-Atlantic City .....	184,773
Ocean City-Cape May .....	172,330
Total .....	1,135,186

Figures in Columns 2, 3 and 4 were determined by taking annual total and dividing by 365.

(c) Average of 11/17, 11/18 and 11/19/1959.

(d) Includes Sunday.

(e) Includes passengers traveling on passes.

(f) Includes Paterson City Branch—Service terminated 1/11/60.

(g) Passengers with origin or destination in New Jersey only.

(h) Figures in Columns 2, 3 and 4 were determined from annual totals.

(i) Total passengers carried weekly x 52 (no allowance for holiday losses).

(m) Peak hour only.

(n) Passengers traveling on passes usually not included in reported totals.

(o) Developed for count taken during month of May 1959 and expanded for year.

costs is apportioned to freight and by passenger interests who, conversely, claim that the apportionments favor freight operations. Economists have studied the system and arrived at a wide variety of conclusions.

The great concern over the increasing passenger service deficits prompted the I.C.C. to initiate an investigation and inquiry in March 1956. Since there was criticism over the methods used to determine deficits, the I.C.C. accounting procedures were examined with great care. All passenger carrying railroads were made respondents in the case and all regulatory agencies, public bodies and private interests (shippers, etc.) were invited to become parties to the proceedings. Testimony offered was lengthy. The resultant report was published on May 18, 1959. The following are conclusions of the I.C.C. after finishing the investigation on accounting practices:

"We see no reason for modifying our findings concerning the separation rules . . . (fully apportioned costs) the present separation rules provide for the ascertainment of the total expense of providing railway passenger service and the total expense of providing railway freight service by each carrier as an entity. . . . The separation rules do not reflect, nor are they intended to provide, the cost of operating individual trains; they are not intended to determine the expenses which would be avoided if all passenger services were discontinued; and they are not intended to measure the elusive "out-of-pocket" costs. These rules are the result of years of review and analysis; the study of possible need for revision in the rules is a continuing process. The critics of those rules have not come forward with any constructive suggestions for their improvement, and any suggestions of that kind which may come to our attention in the future will receive appropriate consideration."

The defeat of the transportation referendum on November 3, 1959 emphasized the need to give the public a more complete understanding of the importance of matters pertaining to New Jersey railroad service.

Subsequently the Division of Railroad Transportation developed a detailed questionnaire and submitted it to each passenger carrier requesting that I.C.C. procedures be followed setting forth each company's passenger service costs. The completed questionnaires have provided the Division with data on deficits, patronage, equipment, rates and a multiplicity of items. Figure 2 summarizes each railroad's reported revenues, costs and taxes attrib-

uted to passenger service. The ten rail passenger carriers report total deficits of \$27,579,917.00 for the year 1959, of which \$3,819,434.00 consists of property taxes in New York and New Jersey. The deficit listed for each carrier reflects the difference between reported passenger revenues and related revenues, and the operating service costs and its share of maintenance, overhead and general administrative charges as I.C.C. procedures specify. An alternative measure of costs to carriers providing passenger service, is the expense that would be eliminated if the carrier were permitted to discontinue all passenger service. Such determinations on the part of the Division of Railroad Transportation, however, would require very costly and time-consuming investigations beyond both the means and the immediate needs of the Division. It is recognized that deficits do exist, and that it is also essential to know the approximate amount of such deficits in order to properly evaluate operating costs applicable to a necessary public service.

The Division's questionnaire did not inquire into the revenues derived from the roads' freight operations. The public is of the opinion that rail freight is highly profitable and should be considered in any program involving public assistance. There appears to be an abundance of evidence to support the claim that freight profits have been carrying the passenger losses. This concept has been embodied in the decisions of federal courts.

The Long Island Railroad, often referred to as the busiest railroad in the world, became insolvent in 1949; it is reported that only about 20% of its revenue is from freight handling. The Hudson and Manhattan is in bankruptcy; it has no freight income. The New Jersey and New York Railroad, being operated by a Trustee, receives about 50% of its revenue from freight operations. The Susquehanna was providing an extensive passenger service from Butler in Morris County and Paterson in Passaic County to New York City bound commuters until a large industrial activity moved from Edgewater to Mahwah—from the Susquehanna to the Erie; within a few months after the loss of this freight revenue, late in 1955, the Susquehanna petitioned to reduce passenger service.

Authorities on the subject state that freight revenues have been supporting passenger losses since 1937. Some of them assert that passenger service ceased to be profitable as early as the year 1929. The I.C.C. reports that nationwide passenger losses increased to a maximum of 724 million dollars in the year 1957.



Figure 2

## ESTIMATED TRAFFIC AND REVENUES, EXPENSES AND DEFICITS FOR NEW JERSEY SUBURBAN RAILROADS

(Data compiled from 1959 statistics or 1958 statistics adjusted and expanded to 1959 levels)

ITEM	C.N.J.(a)	D.L. & W.	ERIE(b)	NJ&NY(c)	H & M	L.V.(d)	N.Y.S. & W.	P.R.R.	P.R.S.L.	READING(e)	TOTAL
Annual Revenue, Passengers .....	7,300,000	11,451,331	5,169,064	992,702	30,457,569 f	82,680	373,722	11,685,474 g	1,135,186	116,907	68,764,635
Annual Train Miles .....	1,457,516	1,779,688	805,657	68,192	2,068,617	69,156	115,858	1,808,920 h	801,426 k	29,215	9,004,245
Annual Car Miles .....	7,499,340	9,179,200	3,120,772	360,248	6,785,829	138,312 m	184,565	9,147,161 h	2,352,868 k	58,430	38,826,725
<b>REVENUES</b>											
Commutation Fares .....	\$ 3,937,104	\$ 3,708,933	\$2,746,617	\$432,593	\$ —	\$ 34,342	\$ 162,246	\$ —	\$ —	\$ 21,175	\$ —
Other than commutation .....	1,428,331	2,696,406	569,406	74,245	—	68,326	40,443	—	—	9,995	—
Sub Total .....	5,365,435	6,405,339	3,316,023	506,838	7,200,000	102,668	202,689	7,989,900	1,262,780	31,170	—
Mail .....	820,427	35,209	36,584	—	—	42,492	—	—	—	—	—
Express .....	172,596	36,868	30,459	—	—	681	969	—	—	—	—
All Other Miscellaneous .....	450,730	698,562	52,587	3,305	—	33,624	3,968	—	—	7,160	—
Sub Total .....	1,443,753	770,639	119,630	3,305	430,000	76,797	4,937	397,700	13,717	7,160	—
Total Revenues .....	\$ 6,809,188	\$ 7,175,978	\$3,435,653	\$510,143	\$7,630,000	\$179,465	\$ 207,626	\$ 8,387,600	\$1,276,497	\$ 38,330	\$35,650,480
<b>OPERATING EXPENSES</b>											
Maintenance of Way .....	\$ 1,277,185	\$ 889,553	\$ 436,772	\$ 65,131	\$1,176,000	\$ 19,722	\$ 82,192	\$ 1,148,500	\$ 683,743	\$ 5,625	\$ —
Maintenance of Equipment .....	2,016,535	1,276,387	728,757	67,119	490,000	77,885	148,385	3,629,800	716,549	9,100	—
Transportation, Traffic, General....	8,365,380	6,559,274	3,761,015	439,569	4,962,000	197,202	585,822	7,811,300	2,491,608	50,220	—
Total Operating Expenses...	\$11,659,100	\$ 8,725,214	\$4,926,544	\$571,819	\$6,628,000	\$294,809	\$ 816,399	\$12,589,600	\$3,891,900	\$ 64,945	\$50,168,330
<b>RAILWAY TAX ACCRUALS</b>											
Payroll Taxes .....	\$ 676,228	\$ 576,883	\$ 290,403	\$ 31,392	\$ 410,000	\$ 34,857	\$ 13,500	\$ 736,200	\$ 182,425	\$ 4,130	\$ 2,956,018
Property Taxes—Class I, II, III and Franchise .....	818,876	906,504	374,869	14,167 n	97,000 o	26,240	89,062	1,340,500 p	146,941	5,275	3,819,434
Total Taxes .....	\$ 1,495,104	\$ 1,483,387	\$ 665,272	\$ 45,559	\$ 507,000	\$ 61,097	\$ 102,562	\$ 2,076,700	\$ 329,366	\$ 9,405	\$ 6,775,452
DEPRECIATION—Total .....	\$ 987,734	\$ 901,578	\$ 537,848	\$ 7,239	\$ 584,000	\$ 28,279	\$ 64,815	\$ 781,800	\$ 301,227	\$ 5,350	\$ 4,199,870
<b>OTHER COSTS</b>											
Joint Facility Rents.....	\$ 93,810	\$ (82,785)q	\$1,327,617	\$ 13,817	\$ 44,000	\$122,842	\$ 30,000	—	\$ —	\$ —	\$ 1,714,871
Interest on Passenger Equipment, Loans, Equipment Rental and Other Costs .....	—	—	—	93,189	—	23,919	911	—	—	9,425	127,444
TOTAL COSTS—SUBURBAN SERVICE....	\$14,235,748	\$11,027,394	\$7,457,281	\$731,623	\$8,173,000	\$530,946	\$1,014,687	\$15,448,100	\$4,522,493	\$ 89,125	\$63,230,397
AMOUNT OF DEFICIT (ICC).....	7,426,560	3,851,416	4,021,628	221,480	543,000	351,481	807,061	7,060,500	3,245,996	50,795	27,579,917
Property Taxes .....	818,876	906,504	374,869	14,167	97,000	26,240	89,062	1,340,500	146,941	5,275	3,819,434
Amount of ICC Loss, Less Property Taxes.....	\$ 6,607,684	\$ 2,944,912	\$3,646,759	\$207,313	\$ 446,000	\$325,241	\$ 717,999	\$ 5,720,000	\$3,099,055	\$ 45,520	\$23,760,483

General—Revenues and expenses include Ferry Operations where applicable.

a Train miles and car miles for C.N.J. adjusted to reflect operation of Reading Co. commuter trains on C.N.J. tracks.

Passenger volume and financial data does not include such operation.

b Passenger volume and financial data includes main line suburban service in New York State extending west of Mahwah, N. J., and Northvale, N. J. Train miles and car miles have been adjusted to eliminate mileage in New York State west of Mahwah, N. J. and Northvale, N. J.

c Train miles and car miles adjusted to eliminate mileage in New York State west of Montvale, N. J.

d Data not based on ICC method of allocating revenues and expenses.

e Data limited to commuter trains to and from Jersey City. Passengers include only those generated in N. J., and car miles, train miles, revenues and expenses apply to operation on Reading Co. tracks in N. J. Car miles adjusted to reflect estimated valid number of cars needed for volume of New Jersey commuter traffic.

f Includes passengers of joint service with Pennsylvania Railroad.

g Does not include Pennsylvania Railroad proportion of H &amp; M joint service.

h Adjusted to include train miles and car miles resulting from commuter use of through trains.

k Includes some mileage in Pennsylvania on Philadelphia-Atlantic City trains.

m Car miles of Lehigh Valley adjusted to reflect estimated number of cars needed for volume of New Jersey commuter traffic.

n Includes \$5,645 in "other" New York taxes.

o Excludes \$380,000 in New York City Real Estate, and Special Franchise taxes, plus \$30,000 in other New York taxes, a total of \$410,000.

p Includes New York City Public Utility Excise and N. Y. State additional Franchise Tax of \$1,800 and New York Real Estate and Franchise Tax of \$568,800 and Real Estate and Franchise Capital Stock (P T &amp; T) totaling \$1,900.00 and New Jersey Class I, II, III and Franchise Taxes of \$768,000.

q Joint facility rents are credit item due to Erie use of Hoboken facilities.

The railroads claim that they can no longer afford to burden their freight rates with passenger deficits and that if they are forced to do so railroads will eventually be eliminated as competitors in the field of transportation.

The railroads have been disposing progressively of surplus properties since the year 1954. The value of land so disposed of per year as reported by the New Jersey Public Utility Commission is:

1954.....	\$1,650,000
1955.....	5,312,000
1956.....	2,222,000
1957.....	1,830,000
1958.....	2,520,000
1959.....	2,150,000

The Lackawanna Railroad is pursuing a program of commercial development of their station properties retaining necessary station agent and passenger facilities. Such programs, it is felt, will make better use of the station facilities and reduce the railroad's local obligations. Other roads — notably the Central Railroad — have been liquidating such assets as could be converted into cash.

### MASS TRANSIT IMPORTANCE TO NEW JERSEY'S ECONOMY

A program to maintain rail transportation should be preceded by an analysis of the railroads' obligation to provide service to the public under terms of their franchises or the prevailing statutes.

The passenger carrying railroads in New Jersey are operating under franchises issued many years ago — some prior to 1860. These franchises were acts of the New Jersey Legislature authorizing the creation of Railroad Corporations and setting forth terms and conditions under which the corporations could function. These incorporation acts permitted the carrying of persons and goods and generally specified the maximum per mile rate that could be charged. No details as to the quantity of either passenger or freight service to be provided were included. In 1873 an act was passed "to authorize the formation of railroad corporations and regulate the same," permitting railroads to incorporate and operate without specific legislation on each application. Control over railroad practices was strengthened with passage of the Federal Interstate Commerce Act in 1887 and the State Public Utilities' Act in 1911.

The duties, functions and powers of the Public Utility Commission as enacted in 1873 and 1911 are set forth in Title 48 of the New Jersey Statutes. It applies to "all railroad companies however formed, created or organized under any law of this State." If at the time these laws were passed a railroad was engaged in the carrying of passengers, its activities with respect to this service were subject to regulation as set forth in the statutes. The right of the Public Utility Commission to regulate railroad activities, including their schedules and rates, was subsequently confirmed by the courts.

Legislation concerning railroad operations, regulations and labor practices enacted by Federal and State governments has been voluminous. The sharp decline in railroad earnings has prompted detailed studies of the industry by both private and public bodies. Federal studies conducted between 1956 and 1958 resulted in the passage of the Transportation Act of 1958\*. One part of this Act gave the I.C.C. authority to discontinue individual trains under conditions set forth in the Act, notwithstanding state statutes or orders to the contrary. In 1959 the New Jersey Legislature enacted a law, amending the Public Utilities' Act, to prevent railroads from discontinuing or curtailing service if upon notice and hearing the Utilities Commission determines that such discontinuance or curtailment interferes with public convenience and necessity. This amendment has little, if any, effect in the actual functioning of the Transportation Act at the federal level.

A railroad operating in New Jersey is required to have the State's authorization to function. A "charter" is a contract, in the eyes of the law, between the railroad on the one hand and the State, acting for the public, on the other. A railroad which discontinues passenger service with the permission of the I.C.C., without the permission of the State's P.U.C., some feel, could lose its power to engage in the transportation of freight on the theory of breach of contract.

Turning from legal to public responsibilities of the railroads with regard to passenger service, we must recognize the changed role that the railroads presently play in the transportation industry. At the time public bodies were given regulatory powers over their operations, the railroads had a monopoly in the carriage of people and of goods. Strict regulations were therefore necessary to protect the interests of passengers and shippers, as well as to protect one railroad against the possible practices

\* See Improving National Transportation Policy, Page 4, by the American Enterprise Association Inc., Washington, D. C.



of another. Today conditions are altogether different. There is a choice of travel media, with public funds supporting competitive facilities of highway, air and water.

Through "progress," prosperity and public financing, more acceptable and convenient means of travel have been developed to comply with the apparent needs of our changing society. Each year the American people indicate they have less need for certain rail services. The railroads feel that their responsibility to the public can be no more than commensurate with the demand of the public for their facilities. In New Jersey dependence on the rails for passenger service is primarily commutation — "rush hour service." The railroads are providing a service that sustains a way of life to which more than 100,000 of our citizens and their immediate dependents are committed and on whom many thousands more are indirectly dependent. The consequences to our economy would be serious and should be of concern to all — commuters and non-commuters alike — should these citizens find it necessary to move out of our State, or even should the State find it necessary to attempt to accommodate them on the highways during peak periods — which it obviously could not do. Economic studies recount that our rail commuters generate a buying power of over \$3 billion a year, much of which would be lost if any substantial number of commuters and their families were obliged to move to another State.

Without public interest suburban service in New Jersey will undoubtedly further deteriorate — may even as some prophesy — wholly disappear.

### **Rail Service vs. Expanding Highways**

In 1958 in New Jersey there were 2,240,597 vehicle registrations; in 1959 approximately 2,500,000. By 1975 a 47% increase is forecast, bringing the total to an estimated 3,680,000. Our population by 1975 is expected to have increased 39% and vehicle miles of travel over 100%. The State Highway Department's program for new routes and for modernizing existing highways anticipates expenditures of 2.75 to 3 billion dollars by 1980. This program, even if entirely realized, will not eliminate congestion — at best it will keep it within tolerable limits.

Experience in other metropolitan areas, especially in Los Angeles, has demonstrated that new expressway construction has limits as a means of solving peak transportation needs. As population increases and residential areas continue to develop, extending suburban limits farther from employment centers,

the demand on highways in the rush hours is intensified. Authorities in Los Angeles and in San Francisco admit that their extensive system of freeways — existing and planned — will not accommodate the peak period demand, and must be supplemented with mass transit.

Construction of new highways to accommodate peak hour loads, even if it were possible to finance them, could not be justified. A single highway lane can carry 1,500 private vehicles in one direction in urban areas, 1,200 in suburban areas and 1,000 in rural areas, per hour. Average loading of 1.7 persons per vehicle gives a practical capacity in urban areas of 2,550. Costs for constructing 3 lane express highways in highly developed areas are about \$5,000,000 to \$6,000,000 per mile. A double track transit system can easily transport 45,000 persons per hour in one direction or about six times three lane highway capacity, but construction costs would average one-third or less of highway costs. Stating it another way, it would take 20 buses carrying fifty persons each or about 600 automobiles with average loading to match a commuter train carrying 1,000 people. In addition to cost and capacity ratios, the highways also require parking areas, service facilities and policing.

In California, the Governor of that State recently signed a bill which permits the pledging of \$115,000,000 of San Francisco Bay Bridge automobile toll revenues to the construction of the San Francisco-Oakland Rail Transit Tunnel and a referendum is being readied for the coming election asking approval on the first stage of a billion dollar tax-financed and tax-supported rail rapid transit system. This in effect had its origin in our own Turnpike Surplus effort. Other metropolitan areas such as Boston, Philadelphia, Washington, Baltimore, Chicago, Detroit, New Orleans and Seattle are developing plans either to create or to sustain public transportation facilities with public funds. In New Jersey the transportation problem is not peculiar to any one city or county but is critical in more than half the State with about 83% of the total population. Clearly it is a matter for State level determination and action if New Jersey feels it needs rail passenger service. It is apparent that other similarly situated areas not only need this service but are willing to pay for it.

Should failure to act cause all rail and ferry commuter services to be discontinued, State Highway programs and budgets would of necessity be increased by many millions of dollars, and to little avail, unless transportation is to move at a snail's

pace. More trans-Hudson vehicular crossings would be needed and more demand would be made at destinations to accommodate these vehicles — a demand to which officials would find it financially impossible to respond. It must also be recognized that in inclement weather the traveling public almost wholly depends on rail service. It often takes only a small amount of ice or snow to reduce highway volume to a fraction of their dry weather vehicle movement capacity. The railroads have reported increases in patronage ranging from 15 to 50% during inclement weather. In quoting these figures the carriers point out that they are only estimates, as trains are usually so crowded with auto and bus commuters that conductors are able to collect only a small number of all tickets and fares.

### **PASSENGER DEFICITS A NATIONAL PROBLEM**

The railroad transportation problem has aroused sufficient interest to prompt its investigation by impartial fact finders. The Brookings Institution of Washington, D. C., working under a grant from the Ford Foundation, published in April 1959 a 512-page report entitled "Railroad Transportation and Public Policy," written by James C. Nelson of Washington State University. The section of the report dealing with passenger service deficits concluded:

"In general, the railroads should be freed of their social obligations to operate unprofitable passenger service, but special measures at the local levels of government may be required to solve commuter train problems satisfactorily."

This report thus placed the responsibility of solving commuter problems on State and Municipal Governments.

Another impartial study was conducted by American Enterprise Association, Inc., also of Washington, D. C., entitled "Improving National Transportation Policy." It opened the door to Federal assistance by pointing out that:

"Metropolitan transportation problems have become a national problem. Of the country's 180 standard metropolitan areas as defined by the Bureau of the Census, 24 cross state lines and 29 others are directly on state borders meaning that much of the travel to and from such areas is interstate."

This report went on to justify the use of public funds for commuter service by stating:

"It is in the common interest of the major metropolitan areas, the cities and the railroads to find ways and means for continuing the commuter rail lines in service, because they are the most economical means in terms of land use, cost and absence of congestion, of getting people downtown and home again in the peak traffic hours.

"To keep the commuter railroads in operation and to lessen the present burden which their deficit places on other traffic, public funds may have to be spent on them instead of on highways. This might be justified by the consequent savings in overall expenditures for transportation. With much of the peak-hour loads handled by rail transit, it would also be possible to make better application of highway funds in developing an effective network of surface transportation. The combination of highways and high-speed rail transit is necessary to serve the need of the metropolitan areas."

The I.C.C. investigation of the passenger service deficit (referred to previously in this report) published May 18, 1959 recommended:

"... That where the railroads are unable to operate a particular local or commuting service at a profit, and where such service is essential to the community or communities served, that steps be taken by state and local authorities, or both, to provide the service paying the carrier the cost plus a reasonable profit."

The U. S. Department of Commerce published in March 1960 the results of a report entitled "Federal Transportation Policy and Program".

The following is quoted from this report under Action Programs — Urban Transportation:

"Metropolitan areas are increasingly congested with mass highway transportation, and are afflicted by rush-hour jams, parking area deficiencies, and commuter and rapid-transit losses.

"This is primarily a local problem. But the Federal Government contributes toward the problem with its huge highway program. It also has a deep concern in the railroad commutation passenger losses because of their effects upon the health of the railroad system and upon the extent to which the Nation can secure the benefit of the railroads' capability for mass long-distance transport of freight. Ways and means must also be found to encourage tax relief by local and State jurisdictions in helping solve the problems of commuter or local passenger deficits."

The American Municipal Association recently adopted a four point program calling for a balanced



and coordinated transportation system, rational tax policies for the railroads and federal loans or grants-in-aid to municipal corporations established to cope with rail passenger problems.

Philadelphia has formed the "Passenger Service Improvement Corporation," a non-profit agency to improve rail commutation. It will operate initially under a City of Philadelphia appropriation, reportedly requiring about \$425,000 the first year and increasing in succeeding years as more of the rail operating losses are absorbed. This corporation will contract with carriers to provide service, making up the difference between contractual obligations and revenues from city appropriations. The Philadelphia group is also looking to federal assistance, possibly matching the amount of city subsidy, as in urban renewal projects and highway programs or providing federal capital on a loan basis as the American Municipal Association recommended, or both.

### Urgency

In recent months the rail carriers in New Jersey have stepped up their efforts to curtail service and to raise fares. The I.C.C. on December 9th released its order permitting the New York Central West Shore to terminate service. On December 10th the Susquehanna petitioned the I.C.C. for abandonment of its remaining service.\* The Pennsylvania Railroad has asked approval for abandonment of the Exchange Place Terminal and for increases in interstate rates of 28%† (average). The Jersey Central has petitioned for discontinuance of service on its Sound Shore Branch (running parallel with the Arthur Kill to Warners) and speaks of higher fares and reduced service on other lines if no feasible solution is found to alleviate their commuter losses promptly. The Erie Railroad applied for reduction in all its non-peak period service on the Greenwood Lake Branch.‡ The New Jersey and New York and the Lackawanna Railroads have petitioned the I.C.C. for fare increases under the 1958 Act, having had similar petitions to the P.U.C. disapproved. The Penn-Reading Seashore Lines petitioned the I.C.C. to drop 3 trains and curtail a fourth after having a similar petition refused by the P.U.C. Rail service continues to deteriorate—and the process might have been even more rapid had not the major car-

riers decided to postpone any major efforts to reduce their commuter losses pending the report of this Division and early State determination as to its recommendations.

### IMMEDIATE ACTION ESSENTIAL

Probably the most equitable way to finance suburban rail service and all other forms of transportation would be through user charges — by collecting from the beneficiaries sufficient income to cover costs. It is recognized that this cannot now be accomplished by rail transportation facilities.

Efforts to date in New Jersey to shift a portion of the deficits from the carriers to the public have been unsuccessful. The Metropolitan Rapid Transit Commission recommended that cost of improvements and annual operating deficits be absorbed by the counties receiving the service, thus spreading the participation over all people residing or owning property in such counties, on the theory that the existence of the service maintains realty values. This plan was not approved by the Legislature. The Turnpike Surplus Referendum provided that transit aid and similar improvements be derived from Turnpike tolls thus spreading the cost on a wider geographic basis. This plan was not approved. It is apparent the general public is not alert to the risk of a progressive decline in mass transportation and until they and all of their elected representatives evidence a practical understanding of the problem, actual progress cannot be made.

Recently there has been a strong demand for Federal participation in solving commuter service financial problems, proposing the inclusion of railroads with other transportation media receiving Federal aid. Action at the Federal level aiming to preserve the commuter lines, as is generally recognized, will be time consuming in accomplishment. Federal aid, desirable as it might be, still means we will be the contributors in the long run.

In view of the persistency with which the rail carriers are seeking to eliminate passenger service to shed themselves of passenger deficits, emergency State action of some character appears as the only immediate course open to prevent complete breakdown of suburban rail service. Such a breakdown could be forestalled by placing the carriers under yearly contracts to provide a tabulated schedule of service at established rates. Notwithstanding the amount of deficits shown by Figure 2 (page 8), the Division's studies and discussions with the carriers indicate that if the Legislature sees fit to con-

\* Recently withdrawn pending outcome of similar petition now being heard before the P.U.C.

† Temporary increase granted February 1, 1960 pending hearings.

‡ Approved by P.U.C. March 18, 1960 for 33 of 35 trains involved.

Figure 3

**Apportionment of Annual Funds for Contracting with Carriers for Service  
Based on Extent of Service Furnished in Terms of Car-Miles Operated**

**Computations Based on an Assumed Initial Appropriation of \$6,000,000 for 1960-1961**

	Car-Miles 1959-Est.	Est. Avg. Seats Per Car	Car-Miles Adj. on Basis of 85 Seats Per Car	Percent of Car-Miles		Share of \$6,000,000		Estimated ICC Deficits	Share of \$6,000,000 as a Percent of ICC Deficit	
				Unadj. Basis	Adj. Basis	Unadjusted Basis	Adjusted Basis		Unadj. Basis	Adjusted Basis
Central Railroad of New Jersey	7,499,340	77.1	6,802,342	23.4	23.2	\$1,404,000	\$1,392,000	\$7,426,560	18.9	18.7
Delaware, Lackawanna and Western Railroad .....	9,179,200	74.6	8,090,390	28.6	27.6	1,716,000	1,656,000	3,851,416	44.5	42.9
Erie Railroad Company .....	3,120,772	85.8	3,148,498	9.7	10.76	582,000	645,600	4,021,628	14.4	16.0
New Jersey and New York Railroad .....	360,248	89.5	379,320	1.2	01.3	72,000	78,000	221,480	32.5	35.2
Lehigh Valley Railroad .....	138,312	90.0	146,448	0.44	00.5	26,400	30,000	351,481	07.5	08.5
New York, Susquehanna and Western Railroad .....	184,565	133.0	288,790	0.57	00.98	34,200	58,800	807,061	04.2	07.2
Pennsylvania Railroad .....	9,147,161	76.2	8,200,160	28.5	28.31	1,710,000	1,698,600	8,017,900	21.3	21.1
Pennsylvania-Reading Seashore Lines .....	2,352,868	77.0	2,131,421	7.4	07.29	444,000	437,400	3,245,996	13.6	13.4
Reading Company .....	58,430	70.0	48,118	0.19	00.16	11,400	9,600	50,795	22.0	18.8
<b>Total.....</b>	<b>32,040,896</b>		<b>29,235,487</b>	<b>1.00</b>	<b>1.00</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>			

tract for adequate service for the next fiscal year such an arrangement could be consummated for approximately \$6,000,000.

This amount (only about 1½% of our annual State expenditures) would in our present opinion be sufficient to assure continuation of all essential service for one year and at rate schedules not materially higher than those now in effect or under application. Purchasing service by contract is considered a temporary expedient to maintain service for a period of three to five years while long-range improvement programs develop. The value of the service to our economy in subsequent years would be determined by the success of service rerouting and consolidation projects progressively undertaken as described on pages 17 to 21, the adoption of schedules and rates to be recommended to the Legislature and the financing of certain improvements of the Hudson and Manhattan Railroad through the Port of New York Authority (see pages 20, 21). Such a program could bring about annual reductions in subsequent requirements; lack of action now may force the eventual expenditure of substantial sums for replacement of the equivalent of present service.

In the Division's opinion no new or separate agency or corporation is required to contract with the rail carriers for continued service. With public support and legislation, it could be accomplished within the jurisdiction and authority of existing agencies.

### FORMULA FOR APPORTIONING ASSISTANCE

Should the Legislature consider it desirable to contract with rail carriers to provide specified service at specified rates, there would have to be a formula for determining allocation among the carriers. A basis that might be appropriate to the New Jersey problem is on car-mile service rendered, adjusted to compensate for the varied car seating capacities.

Accounting procedures and maintenance needs require the carriers to keep records of train and car-mile movements. The number of cars per train depends on the passenger load; the travel distance of these cars is a function of patronage, schedules and terminal locations.

Each carrier's fiscal allotment might be the proportion that its car-miles bear to aggregate car-miles for all carriers, applied to the total amount. Final contract obligations to be adjusted to actual car-miles should changes in schedules or train composition be altered during the life of a contract. Figure 3 (above) shows the application of the car-mile basis to the 1959 statistics, using a possible 6 million dollar investment for the first year. Reference to Figure 3 shows the Pennsylvania Railroad operates the most car-miles (adjusted to 85 seats) followed by the Lackawanna, the Central and the Erie Railroads in sequence. This method of apportionment in terms of reported I.C.C. deficits would be greater percentagewise for the Lackawanna than



for the other major carriers. The Lackawanna carries more New Jersey passengers per day than do the other roads. The share of a carrier declining to participate would be reapportioned.

Trains of the Lehigh Valley, Reading and Pennsylvania Railroads are made up in other states, adding sufficient cars to accommodate New Jersey commuters. In computing car-miles for contract engagement, only such miles as are actually traveled in the State of New Jersey should be considered.

## TAXATION

Much publicity has been given to the railroads' contention that they are subjected to "unequitable, confiscatory taxation policies" in New Jersey. This claim has been illustrated by a comparison of taxes paid in New Jersey per mile of track to the national average tax per mile of track. The comparatively small number of miles of track in New Jersey embrace some of the most valuable and densely occupied land in the country, while a great many miles in the national average include long stretches of extremely low-value land in the Western Plains.

Another contention is that the railroads are forced to pay more than their fair share of local taxes because their Class II property is assessed at 100% while other lands are assessed at lower percentages. This is controversy over an issue of fact, and the execution of the law which stipulates that all real estate — including railroad property — be assessed at 100%.

This Division cannot effectively make any appraisal of the special problems of railroad taxation until the larger public policy question has been settled by the Legislature. Until these questions are settled from the policy standpoint no one, in our opinion, should hazard whether the real property taxes paid by railroads will increase or decrease.

There is one area of tax legislation, however, which could and should in our opinion be considered now. Under present law, Class II property is assessed by the State on the basis of 1911 property valuations, while all other local real property is assessed by municipal officials. In those municipalities where revaluation programs are undertaken, the State in the opinion of the Division should, at the same time, obtain revaluation of any Class II rail property in the same district so that when the revaluation is put into effect, all realty taxed for local use, including Class II, will be currently valued on the same basis.

Of some immediate assistance to the H & M was tax revision legislation recently passed by the New

Jersey Legislature (A-730). This amendment eliminated certain wording in the tax laws of 1948, permitting the H & M to come within the same limitations on taxes per mile of track as other New Jersey railroads. This change reduces the amount of Class I & III tax received by the State but does not alter Class II revenues returned to the counties' municipalities.

Subsequent to the bankruptcy of the H & M, its Trustee sought to have its railroad property exempted from all taxation in New York and New Jersey. In 1958 the New York Legislature approved such a bill subject to enactment of a comparable measure by the State of New Jersey. Legislation to accomplish this was introduced in June 1958 (A-558, A-559). These bills were not reported out of committee. Subsequent enactment by New Jersey of measures proposed by A-558 and A-559 would provide the following approximate amount of relief to the Hudson and Manhattan Railroad:

Class II Taxes — New Jersey.....	\$ 91,400.00
New York State Taxes .....	206,000.00
	<hr/>
	\$297,400.00

In order to obtain this total amount of exemption the City of New York would have to agree to the elimination of \$140,000 of franchise rental payments now credited against total New York franchise taxes. Exempting H & M railroad property from taxation would extend the period that the H & M could operate without public assistance.

## STATE LEGISLATION

Bill A-495 was introduced in March 1959 for the purpose of eliminating from the Class I tax assessment base any part of the value of improvements to existing grade separation structures or grade crossing devices. The principal reason advanced in favor of this proposed change in the tax laws of 1958 was that the need for improvements or reconstruction of existing grade crossings is caused by the great increase in auto and truck traffic (competitors of the railroads) and not because of railroad requirements.

Bill A-496, introduced concurrently, provided that the expense of altering existing railroad grade separations or grade crossing devices, solely for the convenience of highway traffic, be distributed on the same basis as expenses for construction of new grade crossing projects (85% State and 15% Railroad).

A bill similar to A-495 could well be introduced to exclude the railroads from any participation in costs involved in improving existing grade sepa-

ration structures or crossing devices where the improvement is solely for the purpose of accommodating an increase in vehicular traffic. Costs involved in replacement of deteriorated structures or devices should be apportioned on the same basis as the original construction.

In March 1959 a bill (A-560) was introduced in the Assembly to abolish the right of officers and employes of this State to free passage of the railroads. Free use of the rails by those in public service should be weighed if a program to sustain essential rail service by use of public funds is to be carried out.

### **FUNCTIONS OF THE DIVISION OF RAILROAD TRANSPORTATION**

Chapter 14 of the New Jersey Laws of 1959 created within the Highway Department a Division of Railroad Transportation. Section 5 of this law charges the Division with three principal functions:

1. The Division "... shall examine and study the facilities of the various commuter and passenger railroads and their related transportation facilities and seek agreements and accords between the operators thereof whereby the separate facilities of each may be interrelated, co-ordinated, combined, consolidated or unnecessary duplica-

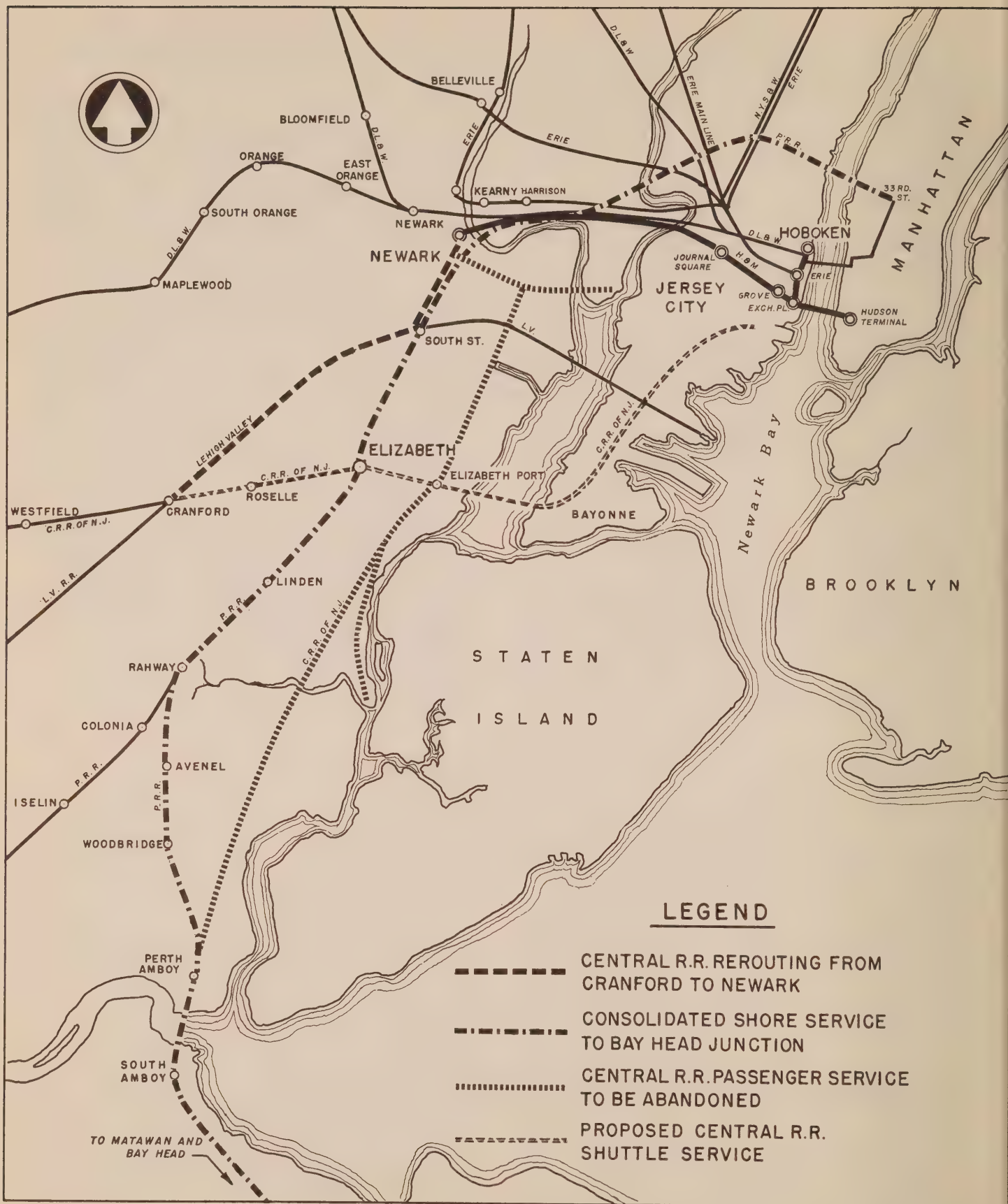
tions eliminated, and as will tend to improve commuter and passenger services or result in greater efficiency in operations."

2. "... shall lend assistance to such operators, separately or jointly, in developing plans for the construction of additional facilities or the development of existing facilities and in obtaining agreements and accords in connection therewith between them, as will improve their commuter and passenger railroad services or the services of their related transportation facilities."

3. "... shall engage in a continuous study of the commuter and passenger railroad operations throughout the State with the end in view of seeking solutions to the various problems facing the railroad companies and the railroad traveling public, including but not limited to, the need for commuter and passenger railroad services in the various areas of the State, the need for extensions of existing services, deficit operations and the reasons therefor, and the railroad tax situation and the State tax policies in connection therewith."

By the early summer of 1959 the Division was actively applying itself to specific plans for rail consolidations that, upon realization, would lower operating costs and at the same time improve service to the majority of the passengers. Such projects are described in subsequent paragraphs.





## PROJECT A

### Jersey Central Rerouting to Penn Station, Newark and to Exchange Place, Jersey City

The Jersey Central operates suburban service on its main line from Hampton in Hunterdon County through Elizabeth across Newark Bay, northward through the Bayonne Peninsula to its ferry slips in the Communipaw Section of Jersey City. Passengers then use the ferries to Liberty Street in lower Manhattan. Passenger service also operates over (1) the New York and Long Branch facilities from Bay Head Junction on the Shore to Perth Amboy, then over their Elizabethport and Perth Amboy Branch to Elizabethport, Newark and Jersey City; (2) over the Sea Shore Branch from Atlantic Highlands to Matawan on the New York and Long Branch; (3) on the Sound Shore Branch from Warners to Bayway; and (4) on two branches between Newark, Kearny and Elizabethport.

This railroad reports growing deficits from its rail operations. Several plans to reduce these deficits were studied. The one that appeared most desirable in the over-all would reroute the main line trains from Cranford over the Lehigh Valley tracks to South Newark and then over the Pennsylvania facilities to Penn Station, Newark. The advisability of terminating this service in Newark and requiring all passengers to transfer either to the H & M or to the Pennsylvania Railroad was analyzed in comparison with a plan whereby the Jersey Central trains would continue to Exchange Place, Jersey City.

Terminating trains at Exchange Place has certain advantages:

(1) affords passengers a longer seated ride before transferring to the H & M; (2) reduces number of new cars required to be purchased for the H & M; (3) distributes peak hour transfers between the station in Newark and the terminal at Exchange Place. Disadvantages are: (1) the service of another carrier is added between Newark and Exchange Place; (2) Exchange Place terminal must be maintained as a passenger facility and modernized;\* (3) the transfer to the H & M is less convenient in that it requires use of elevators. Under either plan facilities to service Jersey Central's equipment would have to be provided either at the P.R.R.'s Meadow Yard or at Exchange Place.

To minimize the disadvantages cited under (1) and (3) above, the off-peak period trains could ter-

\* Penna. R.R. petitioned the ICC in Jan. 1960 to abandon Exchange Place and about 1 mile of elevated roadway leading to the terminal.

minate at Newark and schedules would be coordinated with H & M and Pennsylvania Railroad movements. During peak periods commuters with uptown destinations would have a choice of using Pennsylvania Railroad or H & M trains to Penn Station at 34th Street. Under both arrangements rail service to Newark from areas now served by the Jersey Central would be provided—a service that does not now exist.

Rerouting Jersey Central trains to Pennsylvania Station, Newark or to Exchange Place would result in abandonment of the Communipaw-Liberty Street Ferry (operating deficit reported at about \$400,000 annually). Such a move would permit about 129 acres of yard property in Jersey City to be sold for industrial purposes with a transfer of taxes (estimated at about \$526,000 annually) to the new owner.

Before either plan could become operative, agreements for trackage use would have to be consummated with the Lehigh Valley and the Pennsylvania Railroad and financing provided for H & M equipment. Service-wise, commuter travel time under both plans would be shortened between New Jersey and New York and the delays and close down of ferry crossing during inclement weather would be avoided.

On the Bayonne Peninsula the New York commuters could use motorbuses or private autos to H & M stations in Jersey City or patronize through bus service to Manhattan. At present three bus companies operate on the peninsula to Journal Square or to Exchange Place; another company operates interstate to the Port Authority Bus Terminal at 41st Street in Manhattan and still another operates only within Bayonne city limits. Before such a suggested plan could be put into effect, routes would have to be arranged properly and satisfactorily to serve the Jersey Central commuters from the peninsula area.

In order to provide rail service to the Bayonne Peninsula the Jersey Central has indicated its willingness to operate a rail shuttle service from Cranford easterly to Elizabethport, across Newark Bay and north on the Bayonne Peninsula as service demands. This shuttle could also serve passengers originating on the New Jersey Shore from both Atlantic Highlands and Bay Head with destinations in Bayonne via a transfer at Elizabeth (assuming the Pennsylvania Railroad becomes the only carrier from the Shore areas).

Passengers originating east of Cranford with destinations in New York and passengers utilizing Central stations from Perth Amboy to Elizabeth-



port and between Elizabethport, Newark and Kearny would be obliged to alter or change their commuting habits. On the new route a stop would be made at the Roselle Park Station on the Lehigh Valley. This station would conveniently serve passengers now using Jersey Central's stations Roselle and Lorraine. Passengers for New York now originating at Elmora, Elizabeth, Spring Street and Elizabethport could patronize the Pennsylvania Railroad service at Elizabeth.\*

The Jersey Central accommodates two Reading Company trains over its tracks from Bound Brook Junction to Communipaw terminal in commuter hours; these trains would also be rerouted to Newark or Exchange Place.

The Pennsylvania currently runs several commuter trains originating in New Brunswick, Bay Head and Rahway and terminating at Exchange Place. Under such a plan, all Pennsylvania trains could be routed from Newark to Penn Station in Manhattan or terminated in Newark.

## PROJECT B

### Consolidation of Rail Service on the New Jersey Coast from Bay Head to New York City

For many years both the Pennsylvania Railroad and the Jersey Central have operated service over the New York and Long Branch Railroad from Bay Head Junction to Perth Amboy using common tracks and stations. At Perth Amboy the Pennsylvania trains follow the Perth Amboy and Woodbridge Branch to the main line at Rahway, then continue on the main line through Newark to Exchange Place or Pennsylvania Station, Manhattan. The Pennsylvania route is electrified between New York and South Amboy; diesel locomotives are used between South Amboy and Bay Head. The change of motive power, requiring about 5 minutes, is accomplished either at South Amboy or Rahway.

The Jersey Central shore service was described in the preceding section. Providing this duplicate service is reported as a deficit operation† for both carriers even though the shore area, and particularly Monmouth County, has been among the fastest growing areas of the State. It is obvious that deficits could be reduced by having the service operated by one carrier. Studies to accomplish this started years ago. Nothing was accomplished principally due to

lack of a coordinating agency to work out details with the railroads involved, and a lack of enthusiasm on the part of the carriers to make the expenditures necessary to consolidate the service.

As a result of several exploratory sessions held by the Division, five alternative plans for improved operation were considered in conjunction with rerouting the Central Railroad main line trains to Newark or Exchange Place:

PLAN A: Jersey Central main line trains via Pennsylvania Railroad to Exchange Place; Pennsylvania Railroad to operate all shore service.

PLAN B: Jersey Central main line trains via Pennsylvania Railroad to Newark; Pennsylvania Railroad to operate all shore service.

PLAN C: Jersey Central main line and Bay Head trains via Pennsylvania Railroad to Exchange Place; Pennsylvania Railroad Bay Head trains to New York.

PLAN D: Jersey Central main line and Bay Head trains via Pennsylvania Railroad to Newark; Pennsylvania Railroad Bay Head trains to New York.

PLAN E: Jersey Central main line trains via Pennsylvania Railroad to Newark; Jersey Central to operate all shore service.

In evaluating the five plans the choice should result in convenient service for both uptown and downtown destinations and provide the greatest potential for long-range operating economy. A and B more nearly comply with this principle. Plan B provides that the main line service of the Jersey Central be routed from Cranford over the Lehigh Valley tracks to South Newark, then over the Pennsylvania facilities, terminating passenger service at the Pennsylvania Railroad station in Newark; the shore service would be operated by the Pennsylvania Railroad with all but two trains continuing through to Penn Station, Manhattan. Shore passengers with destinations on lower Manhattan could transfer at Newark to air-conditioned trains of the H & M to Hudson Terminal. Rerouting the Jersey Central's main line service to Newark (Plan B) involves costs to the Central estimated at about \$1,750,000. Jersey Central Management has informally agreed to be responsible for these costs, drawing on the funds to be realized, from the sale of its Communipaw passenger terminal property. Consolidation of the shore service (also Plan B) involves initial costs to the Pennsylvania Railroad for

\* The P.R.R. advises that accommodating these passengers may involve costs in excess of revenues as more cars must be added at point of train origin to give the commuters a seated ride.

† Computed on a fully allocated basis (ICC formula).

rehabilitation of about 20 passenger coaches and expanded facilities at Bay Head to accommodate added cars and locomotives. In addition, eight more locomotives would be needed to operate all the shore service. These may be drawn from Pennsylvania Railroad equipment pools, rented or obtained from the Jersey Central. This consolidation could be in operation within a few months after the conclusion of negotiations with the Jersey Central as to operation of freight service, joint facility costs on the New York & Long Branch, trackage rents, etc. The Pennsylvania Railroad has not yet agreed to absorb any of the costs connected with the consolidation and has stated that it would not agree to operate all the shore service pending more detailed studies indicating that net revenues would be greater than presently shown.

### One Carrier Operation

A faster, express-type service can be provided by consolidating certain stations and relocating those now situated in congested business districts to areas providing convenient vehicular access and more ample parking. Following is a proposed (tentative) schedule for one carrier operation:

Existing Stations	Miles from Raritan River Terminal NY&LB	Proposed Stations
Matawan .....	6.65	Matawan
Hazlet .....	8.43	—
Middletown .....	12.63	Middletown
Red Bank .....	16.47	Red Bank
Little Silver .....	18.83	—
Monmouth Park ....	20.46	—
Long Branch .....	22.40	Long Branch
Elberon .....	24.58	—
Allenhurst .....	26.61	Allenhurst
North Asbury Park .	27.39	—
Asbury Park .....	28.08	Asbury Park
Bradley Beach .....	29.02	—
Avon .....	29.95	—
Belmar .....	30.70	Belmar
Spring Lake .....	32.80	{ Spring Lake
Sea Girt .....	34.18	{ Sea Girt
Manasquan .....	34.97	—
Pt. Pleasant Beach ..	36.96	Pt. Pleasant Beach
Bay Head .....	38.04	Bay Head

Extending electrification from South Amboy to Bay Head terminal would reduce running time to New York by at least 20 minutes and provide the best service with the lowest cost from an operation and maintenance standpoint.

The area served by the shore service is rapidly increasing in population. The Monmouth County Planning Board in its report entitled, "Population Report for Monmouth Coastal Region," shows 1958

population to be 343,700. An increase to 600,000 is forecast by 1975. Commuter population is expected to increase by 100% or more with certain improvements. Private interests have announced plans to construct extensive housing developments in the Monmouth area complete with community facilities; one corporation has optioned land west of South Amboy; another has obtained acreage in Holmdel Township. Spokesmen for the latter group foresee construction of six to nine thousand units within the next ten years. Both developments will generate commuters to Newark and New York.

The Transportation Report for Monmouth Coastal Region, likewise prepared by the Monmouth County Planning Board, makes the following statement in the introduction of their report:

"The major problem in connection with public transportation in the Monmouth Coastal Region is external commutation to the North. This commutation accounts for more employment than any industry group within the County and accounts for 28% of the total employed labor force of the Monmouth Coastal Region. A careful examination of the alternatives available to improve the facilities for external commutation and a sound solution to this problem is vital to the economy and necessary for the continued growth of the region."

With regard to public transportation, this report recommended:

"The construction of a large modern terminal in the Matawan area with adequate parking and an extension of electric service to the terminal. The terminal could be integrated with the existing highway system by construction of a connector highway, three miles in length, interconnecting State Highways 79, 34, 35 and 36 and the Matawan-Keyport interchange of the Garden State Parkway."

Maps accompanying the report indicated the proposed location of the terminal to be at the point where the Garden State Parkway intersects the New York and Long Branch Railroad.

Although not essential to one carrier operation, indicated potential growth of Monmouth County might require electrification, station consolidation and improvements, new equipment and eventual elimination of grade crossings. Such improvements would require the following expenditures:

Electrification .....	\$ 6,530,000
Signal System .....	3,360,000
Communications .....	1,870,000
New MU Coaches (89) .....	18,690,000
Station Consolidations .....	337,000
Eliminate Grade Crossings ....	25,000,000
Total (rounded) .....	\$55,000,000



## PROJECT C

### The H&M Interstate Service

With accomplishment of the rerouting and consolidation of service outlined in preceding paragraphs, nearly all passengers now using the Communipaw ferries would use the H & M facilities either from Newark or from Exchange Place. This would add at least another 7,000 commuters (14,000 trips daily) to the H & M during the peak commuter hours and as many as 25,000 trips in 24 hours of an average work day.

In order to accommodate these added passengers, headways would have to be reduced and additional cars put in service. The number of cars needed is determined by the consolidation plan adopted, the peak period demands and the convenience accorded the passengers. Under Plan B about 7,000 additional passengers would be carried in the peak hour from Newark to Hudson Terminal. Computations show that reducing headways to 3 and 4 minutes and providing a seated ride for all Central Railroad passengers and using cars with 56 seats would require about 150 new units operating between Newark and Hudson Terminal (running time is 20 minutes). The use of cars of the same design and permitting standees would reduce the number of additional units required.

Continuing Central trains to Exchange Place would leave a running time of 3 minutes to Hudson Terminal, eliminating the need to consider seating capacity. Based on reasonable maximum loads of about 127 per car and headways of one and a half minutes, an additional 50 cars would be required to transport the Central traffic.

The Pennsylvania Railroad commuter service trains between Exchange Place and New Brunswick, Rahway, Perth Amboy and Bay Head would be either terminated at Newark or would continue to New York. Downtown passengers would transfer to the H & M in Newark. This traffic, about 1,800 in the eastbound direction, would require about 10 additional cars to be operated in the Newark-Hudson Terminal service. The transfer at Exchange Place would require use of elevators to reach the H & M level and the Terminal building needs replacement. The elevators should either be replaced with modern units or long escalators substituted. The transfer at Newark (eastbound) would be made at one level; the return in the evening would require descending one level by escalator or ramp. The Newark transfer would also require a through ticketing arrangement or some other method of fare collection. Turnstiles are in use at Exchange Place.

The effect on the H & M's net earnings from the added passengers has not been fully determined although preliminary studies indicate that small deficits might continue, their size depending on arrangements made to finance the new equipment. The Trustee further reports that the railroad is in no position to finance additional new cars on its own initiative because of the adjacent publicly constructed, tax-free vehicular toll tunnels, turnpikes and free highways competing with H & M facilities. The interstate aspects of Northern New Jersey's transportation problem is emphasized in the Report of the Project Director to the Metropolitan Rapid Transit Commission wherein crossings of the Hudson River (one-way) on an average workday in 1925 were contrasted with 1955:

	1925	1955
Railroad and Ferry . . . . .	329,000	128,000
Bus . . . . .	1,000	91,000
Automobile . . . . .	25,000	164,000
Total . . . . .	355,000	383,000

The Port Authority published statistics for the years 1930, 1955 and 1958 as follows:

	1930	1955	1958
Railroad and Ferry .	266,394	120,832	109,021
Pedestrians by Ferry	50,209	3,390	2,494
Bus . . . . .	11,229	100,044	114,828
Automobile . . . . .	42,294	151,356	155,787
Total . . . . .	370,126	375,622	382,130

Of particular significance is the fact that the total number of one way crossings increased only 28,000 per day in the 30 years from 1925 to 1955, according to the Metropolitan Rapid Transit Commission Report and only 12,000 in 28 years according to Port Authority figures. In this same period rail crossings declined from 329,000 to 128,000 or from 266,400 to 109,000. Both comparisons are dramatic — the declines being the result of many factors, including changes in travel patterns, suburban commercial development, and substantial diversions in off-peak hour rail travel to the automobiles, which have been facilitated by the network of highways, bridges and tunnels constructed throughout the bi-state metropolitan area to meet travel demands.

The H & M is now carrying about 115,000 passengers per day, 111,000 of them interstate riders. About 25,000 are carried in the peak hour from 8:00 to 9:00 a.m. The reverse commuting from New York to New Jersey in the morning rush period is currently at the rate of 5,400 passengers. H & M service is indispensable both to New York and to New Jersey. Without its service the ferries and the tunnels would be congested beyond tolerable limits.

The H & M has been in bankruptcy since 1954. A reorganization is now in process that may separate the terminal office buildings at 30 and 50 Church Street in Manhattan from the railroad. In recent years the office buildings have had sufficient earnings to carry the railroad. In 1957 real estate earnings netted about \$1,300,000 after depreciation and taxes (exclusive of bond retirement and interest on debt); in 1959 these earnings dropped to \$767,000 as unrented space increased in excess of 25%. The railroad on the other hand has operated at a deficit — the losses after depreciation and taxes reported to be \$543,000 during 1959.

Should the real estate be placed under separate ownership the railroad estimates that it has sufficient assets to operate for only about two more years provided no unexpected demands are made on its resources.

Since the passengers the H & M carries to New York pay substantial income tax in New York; since more than one-half of the H & M investment is in New York and since it pays more than twice as much in property taxes in New York as it does in New Jersey (railroad only) and since its service is necessary to both the States of New York and New Jersey, the H & M should be put under bi-State regulation and control.

The Division recommends that the New York-New Jersey Transportation Agency develop legislation in the two states that would require the Port of New York Authority to finance new equipment for the H & M leasing the equipment to the railroad under terms most satisfactory to the two states that the Authority is able to obtain. Also that under terms of the lease, a contract for operation of the H & M service be included that will guarantee service for a period of years at agreed upon schedules and rates.

### INTERSTATE FERRIES

The lack of specific State jurisdiction and the provisions of the Federal Transportation Act of 1958 give the railroads ample opportunity to dispense with ferry service. Since all New Jersey suburban railroads in the north metropolitan area have transfers to the H & M available for passengers (except the Jersey Central) thereby providing a means for passengers to be carried across the river to New York destinations, it is conceivable that the railroads may take action to terminate ferry service. Elsewhere in this report it has been recommended that the Central Railroad be rerouted to Newark requir-

ing passengers to transfer to H & M facilities permitting the Communipaw ferry service to cease. Under long-range plans (page 24) the possibility of permitting the Hoboken terminal and ferry service to be abandoned is also mentioned. Until H & M improvements are made and equipment acquired necessary to accomplish these immediate and long-range proposals, the ferry service should be continued.

The ferries at times carry explosives and otherwise dangerous cargoes when scheduled, such as are not permitted through the Port Authority vehicular tunnels. Routing all such dangerous traffic over the George Washington Bridge would be a risk to interstate commerce. The ferries provide a convenient means for carrying defense items interstate — items that are not appropriate for tunnel or bridge traffic.

In the interest of defense and interstate commerce it may be essential that some ferry service be maintained.

It is therefore recommended that the New York-New Jersey Transportation Agency bring about legislation in the two states that will authorize and direct the Port of New York Authority to acquire the present interstate ferries and lease them back to the railroads for operation until the two states agree that satisfactory alternate facilities are available.

### SENATE NO. 6—JANUARY 12, 1960

The New Jersey Senate, on January 18 passed a measure directing the Port Authority to connect the Jersey Central with the H & M at some point in Hudson or Essex County. A physical connection that has been discussed with reference to this bill (and with regard to a similar bill passed by the Senate in the previous session) involves utilizing the National Docks Branch of the Lehigh Valley Railroad between the Jersey Central's Communipaw passenger terminal and the H & M at the Waldo Yard in Jersey City. It is presumed that it was the intent that the National Docks Branch would be double tracked and electrified. H & M equipment would then operate over this branch carrying passengers between Communipaw and Hudson Terminal.

Cost of this connection to provide satisfactory transfer of passengers at Communipaw and workable connections to the H & M in the vicinity of Waldo Avenue, in the opinion of engineers, would be excessive. In addition, the H & M would be required to operate another route that would pro-



duce very little revenue at other than peak periods. Service-wise there would be no advantage to passengers originating West of Cranford; in fact, running time to Hudson Terminal would be a few minutes longer and no connection to Pennsylvania Railroad uptown trains would be available as other rerouting plans provide. There would be advantages to passengers with destinations between Cranford and Communipaw and to passengers originating between these points, as adoption of such a plan would continue the rail service through Bayonne. But the number of passengers so affected, it is felt, would hardly justify the expense of the connection to the H & M. Making the H & M connection to Communipaw, moreover, would also perpetuate use of the Newark Bay drawbridge with resulting hazards and delays to train service caused by the increasing shipping activity.

#### **CONSOLIDATIONS INITIATED BY OTHER AGENCIES**

During the Summer of 1959, the Lackawanna and the Erie Railroads filed petitions with the I.C.C. for corporate merger. Hearings were completed during the Fall and the matter is awaiting the hearing examiner's report.

A consolidation of suburban service between Paterson in Passaic County and the terminal in Hoboken now used jointly by these carriers is being considered for action regardless of the fate of the corporate merger.

The Lackawanna Boonton Branch from Denville serves the Western part of Paterson then continues in a southeasterly direction to Hoboken. The Erie main line serves the center of Paterson, then continues through Clifton and Passaic to Hoboken. The section through Passaic is at grade and parallel with its main street, causing considerable inconvenience. The railroads report that tentative plans are to route the Erie main line trains from Paterson Station over the Newark Branch, then over the interchange track to the Lackawanna Boonton Branch, then on Lackawanna facilities to Hoboken. This would eliminate the tracks through Passaic City and release land for other purposes. Freight service north and south of the city would be provided by backing in on dead end tracks.

Passengers now using the Erie main line stations Lakeview, Clifton, Passaic, Passaic Park and Carlton Hill would change to stations on the Boonton Branch should this plan materialize.

The Public Utility Commission has been considering a series of plans, one of which involves routing

the New York Central West Shore and the Susquehanna trains into Hoboken, where passengers would have access to both ferries and the Hudson and Manhattan tubes for crossing the Hudson. "Show cause" orders were served on the carriers and testimony was heard from various interests promoting alternate terminal plans.

On October 19 the five railroads met informally with the P.U.C. (the Division of Railroad Transportation being represented) to discuss the mechanics involved in accommodating West Shore and Susquehanna trains at the Lackawanna's Hoboken terminal. Discussions dealt more with principles than mechanics. The railroads stated that certain trains from these two carriers could possibly be handled at the Lackawanna terminal, provided permission was received to drop from current schedules certain Lackawanna and Erie trains.

A report made by the Erie and the Lackawanna indicated that seven West Shore trains and three Susquehanna trains could be accommodated at the Hoboken terminal, provided several trains on the Erie Greenwood Lake Branch were eliminated (a petition to abandon these trains was recently acted on by the P.U.C.). The Lackawanna emphasized that the schedule would be very tight and flexibility would be gained by permitting discontinuances requested of the P.U.C. under Docket 11462. Both railroads pointed out that such operations would be contingent upon obtaining suitable trackage rents and approval of the agreements by the I.C.C.

As previously mentioned a decision by the I.C.C. dated December 9, 1959 permitted the New York Central to abandon all its passenger service on its West Shore Branch. This service was immediately discontinued. The P.U.C. appealed the decision and then followed with an order to the New York Central dated January 28, 1960 to operate a five-train schedule, intrastate from West Norwood to the Erie terminal in Jersey City. The Susquehanna petitioned the I.C.C. for discontinuance of all but three trains in each direction weekdays followed by another petition to the P.U.C. for abandonment of its remaining three trains. The P.U.C. then responded to an earlier petition, granting a reduction to four trains daily in each direction and requested the Railroad to submit a schedule for these trains based on orders contained in the Docket. The new schedule, now being contested by a commuters organization, went into effect January 11, 1960.

Rerouting Susquehanna's trains to terminate at Hoboken is not expected to have any material effect on patronage. It would, however, eliminate all use of

the Erie terminal (adjacent to Hoboken terminal) by passenger traffic and permit disposal of the property. The amount of the annual rental to be charged the Susquehanna by the Lackawanna for trackage rights and use of the Hoboken Terminal, it has been stated, is the principal obstacle to realization of the rerouting. The adoption of a plan to contract for commuter services, as preceding sections of this report outline, could conceivably alter railroad attitudes and bring about an end to this stalemate.

### CAMDEN AREA

Transportation in the Camden area has been the subject of almost as many studies and reports as in the Northern Metropolitan area. An extensive survey made in 1956 by consultants resulted in a recommendation to construct a new tunnel under the Delaware River and to construct new rapid transit lines in New Jersey, some of which would be on new rights-of-way.

Suitable plans to finance such an extensive new system have not materialized. Subsequent reports recommended that the existing rail line on the Benjamin Franklin Bridge be utilized rather than construct a tunnel under the river. Existing rail lines would be improved and tracks added with the service extended into the suburbs on three different routes. Feasibility studies indicated that these routes would not be self-sustaining. Assistance was accordingly requested of the State of New Jersey in financing grade crossing eliminations necessary for successful operation. A report by independent consultants, recently published, confirms in general previous findings and recommendations, however, it forecasts greater earnings for the first phase of the program. Supplementing prior references to the Philadelphia area the present administration of the City of Philadelphia is reported to have arranged for the appropriation of three million dollars for necessary improvements to track work and stations on the Philadelphia end of the "interstate project" which may be assigned to the Delaware River Port Authority, a bi-State agency. The Authority is considering an expenditure of some \$20,000,000 toward the first stage project and has initiated arrangements to finance the balance through bond issues.

New Jersey has much to gain by realization of this transportation network. It has been stated by Engineers for the Delaware Port Authority that one million dollars should be appropriated annually for the next three years by New Jersey to be used toward eliminating grade crossings on the first stage — The Haddonfield-Kirkwood line.

### LONG RANGE PROGRAM

A long range plan must be developed and adopted in principle; the ultimate goal defined and each improvement action taken as a step toward its accomplishment.

Such a plan would, through capital improvements, provide modern equipment and facilities, up-grade roadbeds, eliminate the transfer at the Hudson River on all the heavily patronized lines or reduce it to an "across-the-platform" transfer and substitute a rapid-transit type service for railroad commuter trains, confining the new service to routes that indicate a potential for becoming self-supporting.

Conditions incline to support the contention of some that major improvements cannot be accomplished by the railroads working independently. Long standing rail deficit operations have left in their wake an accumulation of deferred maintenance on both passenger equipment and the tracks upon which it runs. Data obtained by a Division questionnaire, addressed to all railroads, indicate that rolling-stock requires major rehabilitation and that tracks are often being maintained for lower than maximum practical speed. Maintaining the status quo in suburban service will require higher maintenance budgets. Improving the service in terms of better equipment and running-time will also require major expenditures.

Even without considering the desirability of supplying the kind of modern air-conditioned equipment that might arrest the switch to other modes of transportation, much of the railroads' passenger car stock is overdue for replacement. More than one-half of the Pennsylvania's cars used in electric service, for instance, were built prior to 1934, and almost a quarter prior to 1925; all of its coaches used on the New York and Long Branch were built before 1925, and the electric locomotives used east of South Amboy are between 15 and 25 years old.

The story is much the same on the Jersey Central. Almost two-thirds of its coaches were built prior to 1925, most of them being between 39 and 43 years old. The H & M still has 203 cars 30 years old or more. Lackawanna cars date from 1917 to 1930, and are all due for major shop repair. The passenger equipment of all the other railroads, with the possible exception of the Susquehanna whose passenger business is very small, is similarly aged and in need of renovation. Also, many stations are old and in poor condition, and some should be relocated for easier access and better parking facilities. Signal systems and various other auxiliary equipment related to passenger service are due for major main-



tenance, and roadbeds continue to deteriorate.

The carriers are unwilling to burden themselves further with equipment debt in view of prevailing passenger trends, the accruing annual deficits, and the even larger patronage of subsidized competing transportation facilities. It is clear that the catching-up job they have to do — let alone any major requirement to improve the quality and comfort of service — cannot be accomplished without assistance. Merely to keep the service going, the railroads face equipment needs and programs to correct deferred maintenance that their financial statements indicate the carriers could not undertake as they are presently situated.

It is often said that rail patronage would return if the service were made more attractive. Experience, however, proves that it takes more than a new air-conditioned car to reverse the trend of suburban patronage. The report on travel to Manhattan published in April 1959 shows a sharp decline in retail sales in Manhattan as the well known department stores opened branches in suburban shopping centers. The study detected no apparent decline in travel for entertainment reasons or for professional services, nor did it show increases commensurate with population gains.

The conclusion must be drawn that for the next five years or more suburban rail interstate travel (except on the Pennsylvania Railroad) will be principally commutation. Returning midday and other off-peak patronage of the rails will only follow major service improvements.

The cost of providing a commutation service is disproportionately high, because equipment and crews are used only a few hours in the morning and again in the evening and only five days a week; yet it is the peak load that determines the number of cars and crews needed. Thus the productivity ratio is low. Except for the Pennsylvania Railroad a typical situation is that a commuter travels from his home station to the river in vehicle A that is provided and maintained for that purpose; at the river he changes to vehicle B that is provided and maintained for that particular purpose; both vehicles are utilized to capacity only a few hours a day and at approximately the same hours. This system duplicates to considerable extent equipment and crews. Within the next 3 to 5 years improvements must be made that will eliminate as far as possible such duplications if New Jersey is to continue to have rail transit service. Commuters on many lines may not be able to afford the luxury of railroad cars with the space and convenience they provide but may be

obliged to accept a rapid transit type service or none.

A plan whereby the duplication of facilities might be avoided and whereby maximum utilization of equipment and crews would result, involves routing H & M trains westward over certain tracks of the New Jersey Railroads.

It is suggested that the Transportation Division be authorized to consider long-range plans:

1. To extend H & M service through Newark to South Newark, then over the Lehigh Valley and the Central main line to a crossing of, or convenient to, one of the future major interstate highways.

2. To connect H & M with Lackawanna tracks at Hoboken and in the Meadows East of Harrison, extending the H & M service to Morristown developing one route via the Montclair Branch, with a new connection to the Erie Greenwood Lake Line.

3. To provide, "park-and-ride" terminals with bus connections in the vicinity of the intersection of Interstate Route 280 in Orange; at Interstate Route 287 in Morristown and at Route 80 in Wayne Township.

4. Place under the operation or control of one agency the improved rail-transit facilities, all motorbus routes and parking areas at mass transportation terminals and junctions. Such action would eliminate duplication of facilities and would permit one service to complement rather than compete with another. Only under coordinated operation can a mass transportation network of bus and rail facilities be self-sustaining.

Such changes as outlined above might later permit abandonment of the ferries and the passenger terminals at Hoboken resulting in substantial operating economies. The changes would also intercept all major East-West highway routes and thus offer alternate means of travel to Newark and New York destinations. Rapid transit might also relieve the peak hour demands on these routes and possibly permit savings to the State in Highway construction costs.

Improvements in interstate and intrastate commuting, principally in the Newark area, may be the subject of a somewhat later report. Such a report would anticipate a tie-in with the Newark subway.

## ALTERNATIVES

Unlike other public utilities in the State of New Jersey the railroads provide a service for which there are in most areas alternatives available. Most commuters have a choice of rail, bus or private auto.

This report has emphasized the change in travel habits and pointed out the support that the public is giving competing forms of transportation. Should legislative interest and public support fail to materialize, the public itself must face up to a somewhat different attitude toward the rail carriers. In the Division's opinion it must be recognized that a public authority or agency cannot operate rail service or any other branch of our economy more efficiently or even as efficiently as can private enterprise under the right leadership. Obtaining control of any line or service by the State or an agency would only increase the liability and in our opinion steer our economy into socialistic channels. The alternative is to give each carrier maximum opportunity to continue the essential service at least cost. This would require less regulation of schedules and rates. Under the alternative the carriers would be given freedom to adjust rates for maximum revenue and experiment with schedules and rates in attempts to increase patronage.

During the Year 1958 the Chicago and Northwestern Railroad reported a deficit of \$1,592,872; in 1959, however, they reported a profit of \$29,544.00.

The Illinois Commerce Commission allowed a 24% increase in rates late in 1958 and approved other schedule changes requested by the railroad. An official of the Chicago and Northwestern was recently quoted as saying that carrying commuters can be profitable, without government subsidy, provided regulatory officials allow management a freer hand. Chicago commuting is not comparable with the New Jersey-New York situations, however, the basic principles apply.

### **FEDERAL FINANCING AVAILABLE TO THE CARRIERS**

The Transportation Act of 1958 provided for Federal government guarantee of loans to railroads by private financing institutions, not exceeding a total aggregate amount of 500 million dollars.

Loans may be guaranteed under the following classification:

1. For "additions and betterment or other capital expenditures."
2. For "maintenance of property."

The Act defines 1. above as

"Additions and betterments or other capital expenditures means expenditures for the acquisition or construction of property used in transportation

service, chargeable to the road, property or equipment investment accounts, in the Uniform System of Accounts prescribed by the Interstate Commerce Commission."

and 2. above as

"Expenditures for maintenance of property means expenditures for labor, materials, and other costs incurred in maintaining, repairing, or renewing equipment, road, or property used in transportation service chargeable to operating expenses in accordance with the Uniform System of Accounts prescribed by the Commission."

Guarantees will not be made by the Government:

- (1) unless the carrier is unable to obtain the loan without the guarantee;
- (2) if the loan involved is at an unreasonably high rate of interest;
- (3) if the terms of such loan permit payments extending more than 15 years;
- (4) unless the I.C.C. finds that the carrier can furnish reasonable assurance of its ability to repay the loan.

As a further limitation, the Act provides that no railroad shall pay any dividend on its preferred or common stock while any principal or interest on any loan made for the purpose of financing "maintenance of property" remains unpaid. New Equipment for passenger service has been interpreted by the Division to be "capital improvement" and therefore not subject to this requirement. Guarantees for loans under this Act have been obtained by the Lehigh Valley and Susquehanna Railroads.

Prospects for passenger service earnings all but preclude obtaining guaranteed loans for new equipment or other capital improvements associated with suburban service.

### **SUMMARY AND RECOMMENDATIONS**

The Division of Railroad Transportation should coordinate the efforts of the carriers, municipalities, commuter and labor organizations to accomplish the following reroutings, schedule changes and service consolidations in order to meet the local needs and at the same time reduce operating deficits:

1. Reroute Jersey Central trains from Cranford over the Lehigh Valley tracks to Newark. To insure continuation of essential service at minimum cost, duplication of service and facilities must be eliminated. The Communipaw ferries running adjacent to the H & M tubes duplicate the tube service. Routing Jersey Central trains over the Pennsylvania R. R. tracks from Newark to Exchange Place would duplicate the H & M; rehabilitation of Exchange Place Terminal would



provide another facility for transfer of passengers that could be accomplished at the newer, more modern station in Newark. For maximum economy of the total service, the Division recommends that the Jersey Central trains be terminated at Newark. (The transfer at Newark would be eliminated upon realization of the first stage of the long-range plan previously described). The Jersey Central has tentatively agreed to consider an appropriation from the proceeds of the sale of the Communipaw passenger terminal property toward payment of costs of the physical changes required.

2. Consolidate the shore service in one carrier, presumably the Pennsylvania Railroad, with service continuing through to Penn Station, Manhattan. The Jersey Central to continue to operate a shuttle service on the Highlands Branch from Atlantic Highlands to Matawan. Although the Pennsylvania Railroad has not agreed to the expenditures necessary to effect one-carrier operation, the Division believes that with the results of a more complete study on net revenues resulting from the combined operations the railroad will find it possible to provide the equipment and make the expenditures necessary for this consolidation. Electrification and rehabilitation of the route from South Amboy to Bay Head should develop in later stages of the program.

3. Examine the timetables of all routes for the purpose of eliminating or consolidating certain stations in order to improve express characteristics (similar to tentative schedule suggested for one-carrier operation of the shore service); coordinate efforts of municipal officials, the carriers and the P.U.C. to relocate certain stations to locations with convenient access and with ample parking areas.

In addition the Division recommends:

1. For the fiscal year 1960-1961 appropriate an amount of \$1,000,000 to be made available to the authorities administering the South Jersey transportation improvement program to be used for grade crossing elimination projects on the Camden-Kirkwood line and when progress in proportion to the claimed advantages of this project materialize, subsequent allotments not to exceed \$3,000,000.00 in total should be made available over a three-year period.

2. Working through the New York-New Jersey Transportation Agency proceed immediately to prepare bills for the Legislatures in the two States that upon enactment would:

(a) Place the H & M under bi-State regulation and control.

(b) Authorize and direct the Port of New York Authority to finance new air-conditioned cars for the Newark-Hudson Terminal joint service. Specifications for the cars to be developed jointly by the Authority, the bi-State Agency this Division, the Railroad and approved by the Legislatures of the two States. At reasonable loading of 100 per car, not more than 90 new units would be required at an estimated cost of \$95,000.00 each, or a total of \$8,550,000.00.

(c) Authorize and direct the Port of New York Authority to acquire the present interstate ferries and lease them back to the railroads for operation until the States agree that satisfactory alternate facilities are available.

3. For the fiscal year 1960-1961 an amount of \$6,000,000.00 should be appropriated for service contracts with all New Jersey rail passenger carriers except the H & M. The contract with each carrier would stipulate a timetable of service, a schedule of fares and continue in effect for one year. The share of the appropriation that would be available to contract with a particular railroad would be the proportion that the carrier's car-miles computed from the contract bear to the aggregate car-miles of all carriers. Final payments would be made on the basis of actual car-miles operated should changes in schedules be approved, adjusted to a uniform seating capacity. On the assumption that the first year's experimental plan was considered by the Legislature to have been effective, further contractual arrangements would be worked out with the carriers. It is the Division's opinion that this method of allocation would maintain current levels of service on all the heavily patronized routes at fares not materially greater than now in effect or under application.\*

We also wish to emphasize that federal legislation is necessary to assure that financial benefits from any state or local government program is excluded as an income tax liability of the carriers. Otherwise they might be subject to a loss to the Federal Treasury of more than one-half of every dollar received from carrying out their contracts with the States for service.

\* Where a carrier's share computes to be less than 10% of reported deficits, the carrier may not be interested in participating in the program.

### **Long Range Plans**

It is the intent of the Division to expedite more detailed studies on the feasibility of extending H & M service westward over certain existing railroad and subway rights-of-way. A report on this subject together with recommendations for establishing a regional agency to finance and operate the routes on a self-sustaining basis will be submitted by the end of the year.

There are other facets of the transportation problem that are receiving the Division's attention and these will also be reported on later in the year.

Respectfully submitted,

Division of Railroad Transportation  
DWIGHT R. G. PALMER  
*Commissioner*



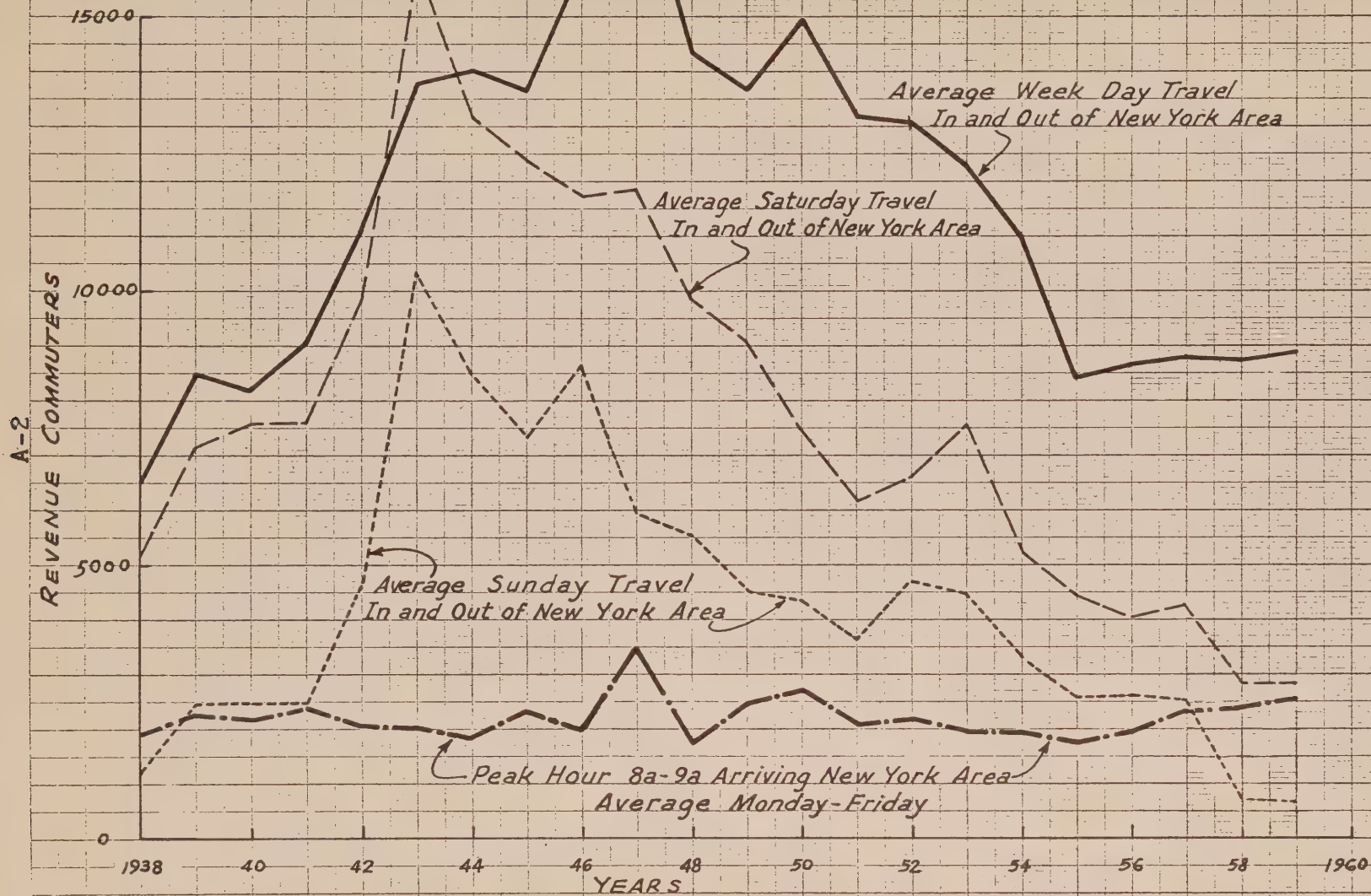


## APPENDIX

Page A-2 to A-19	Graphs showing trends in passenger patronage	
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	Erie Railroad Company	Page A-11
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# PENNSYLVANIA R.R. TRENTON COMMUTER SERVICE

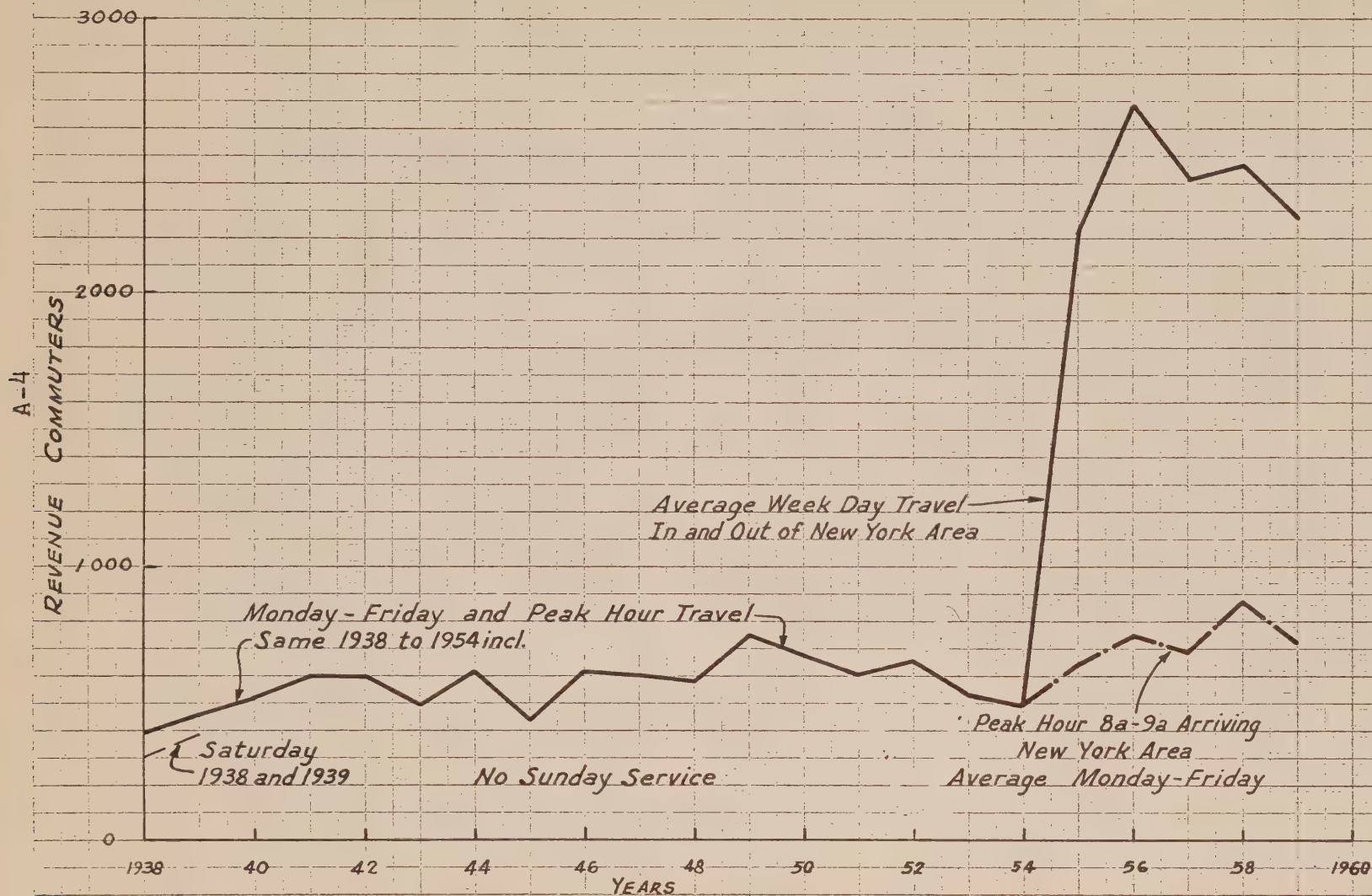


# PENNSYLVANIA R. R. NEW BRUNSWICK COMMUTER SERVICE

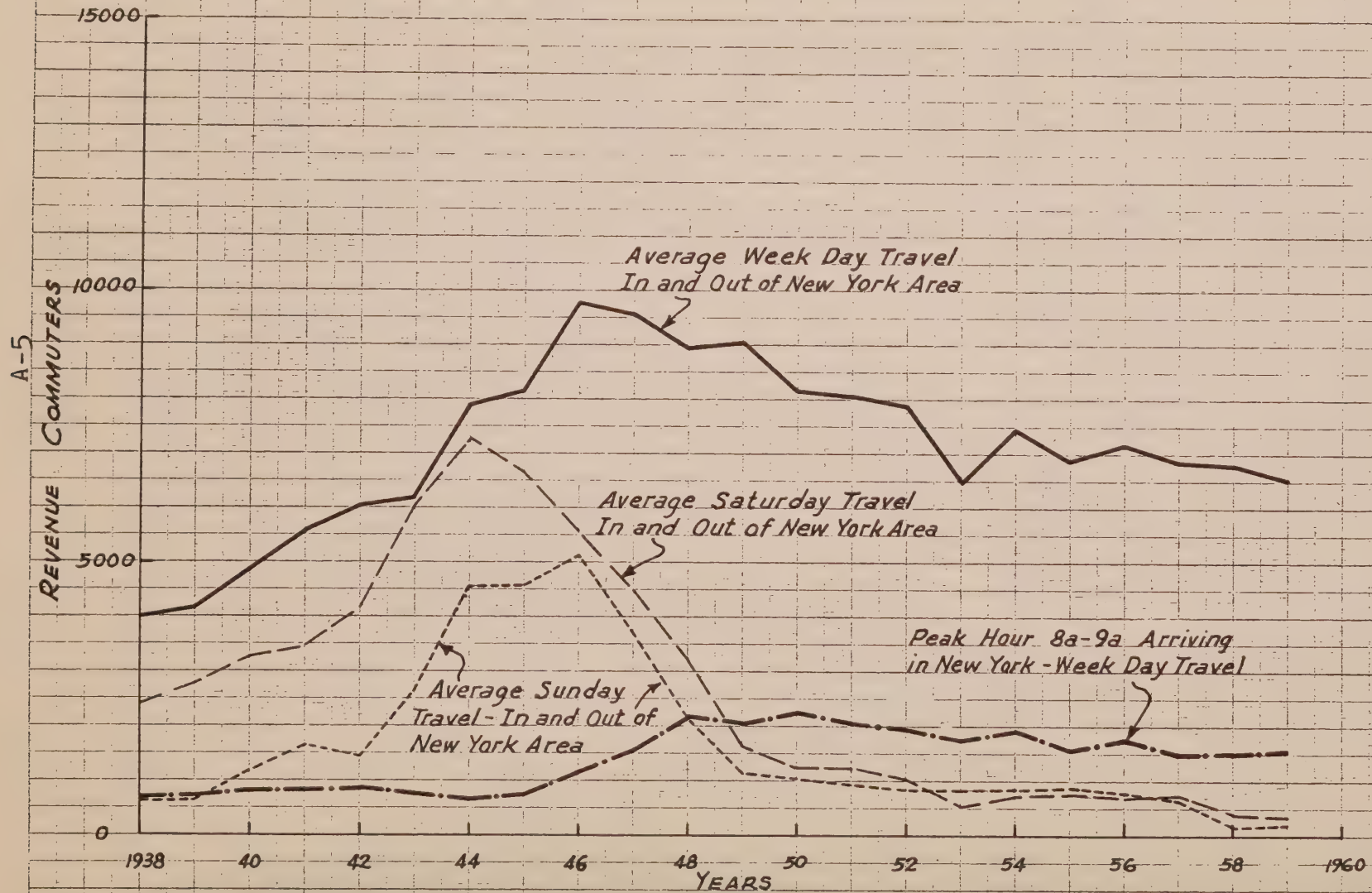




# PENNSYLVANIA R.R. RAHWAY COMMUTER SERVICE

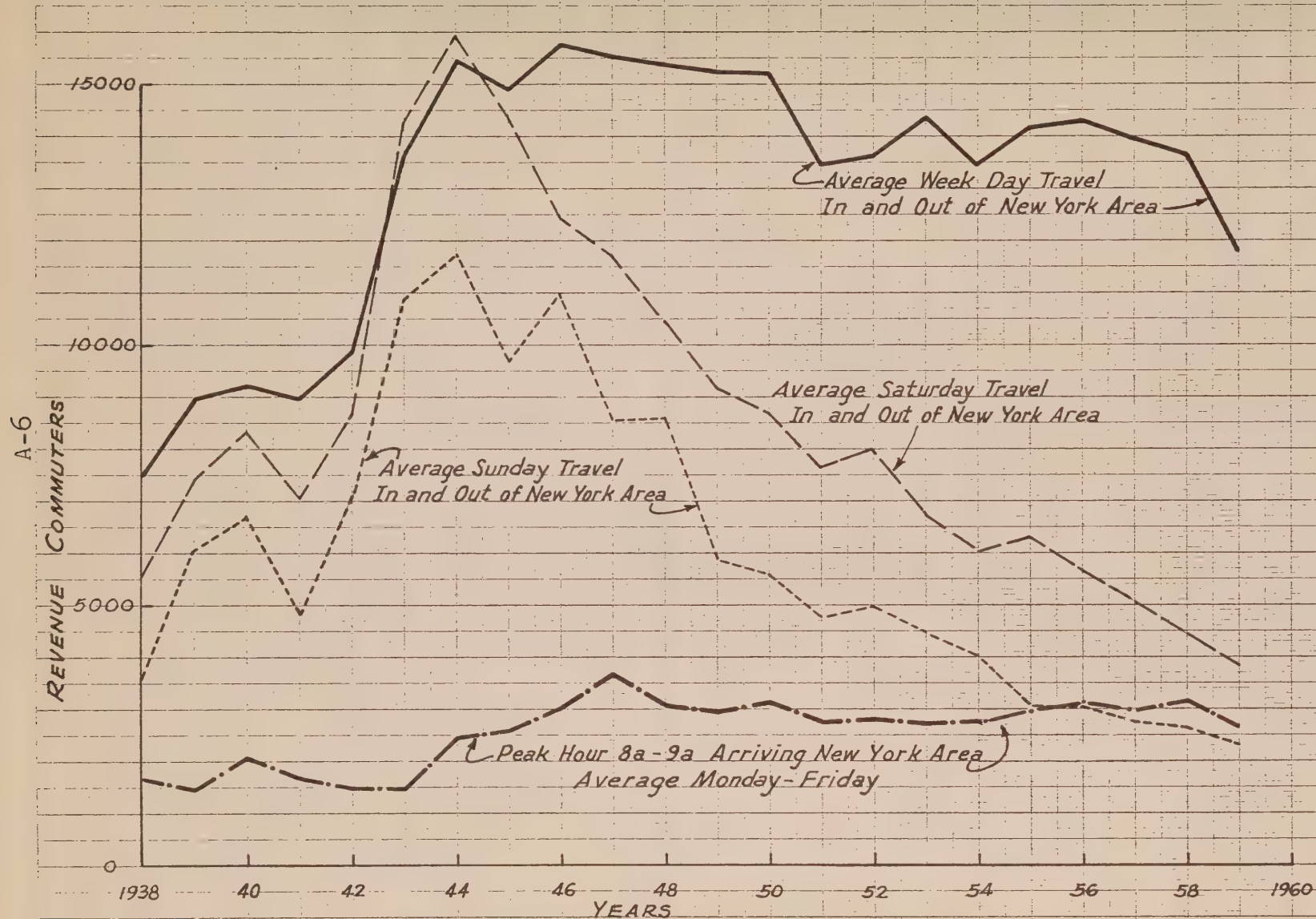


# PENNSYLVANIA R.R. SOUTH AMBOY COMMUTER SERVICE

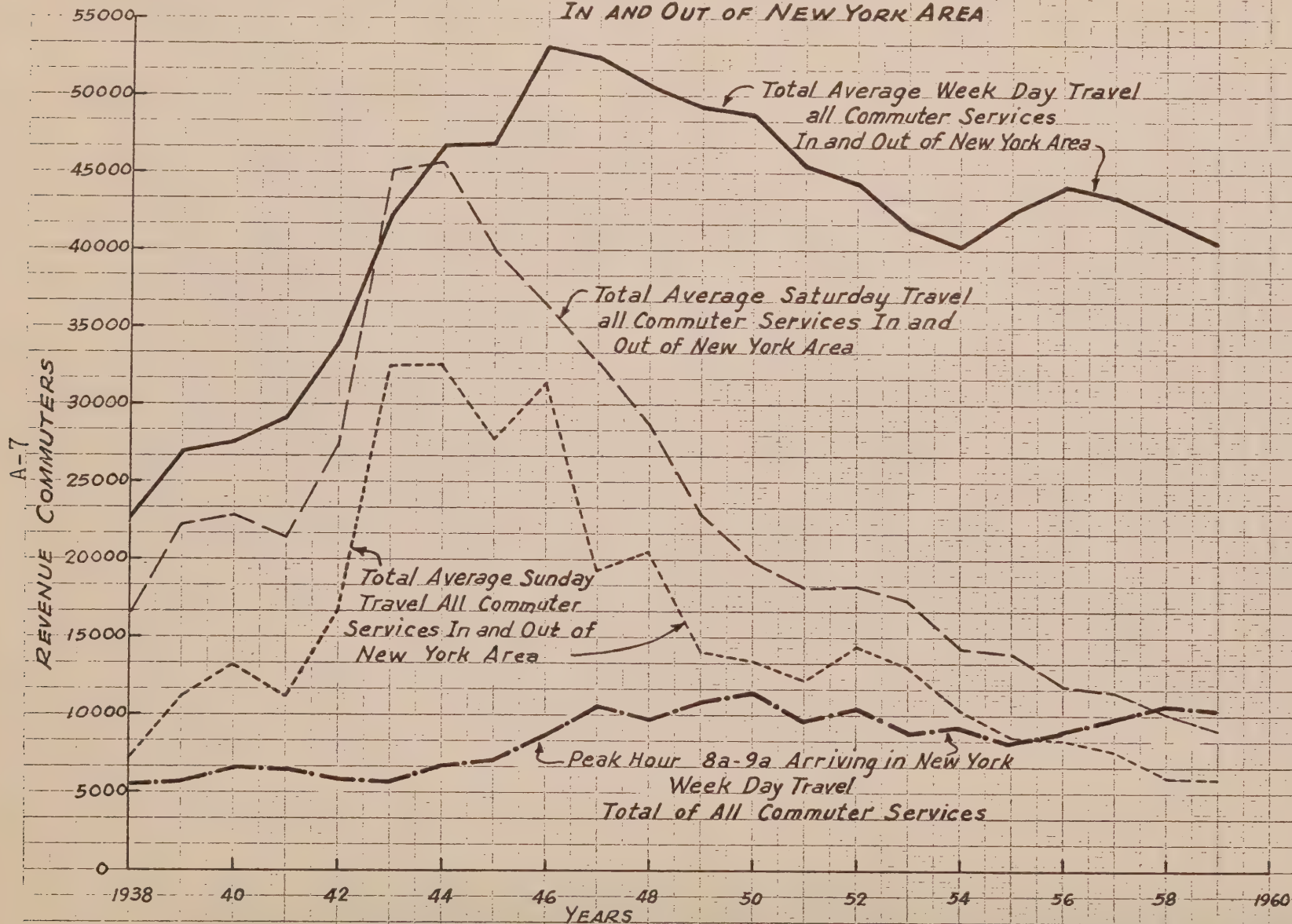




# PENNSYLVANIA R.R. BAY HEAD COMMUTER SERVICE



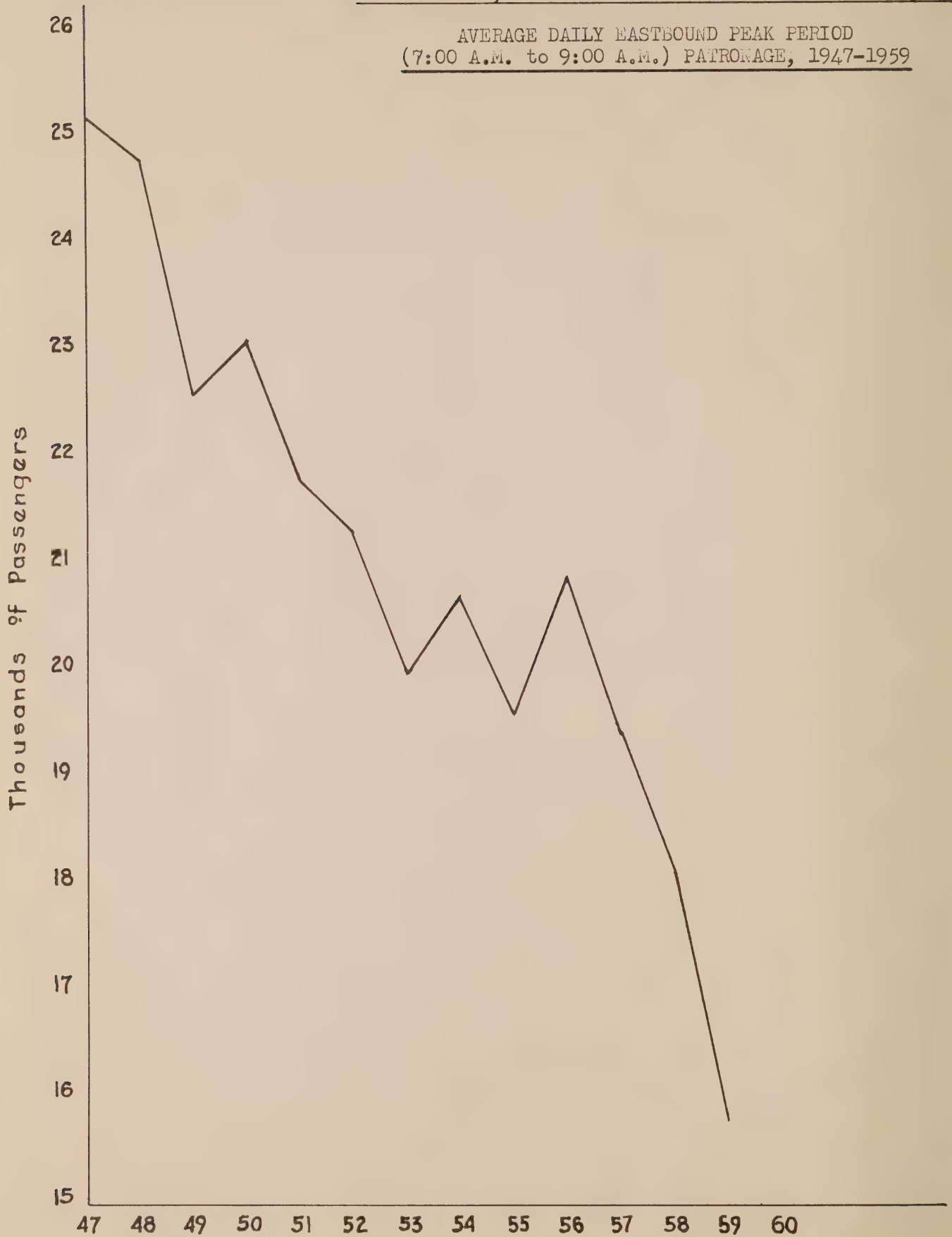
# PENNSYLVANIA R.R. TOTAL ALL COMMUTER SERVICES IN AND OUT OF NEW YORK AREA





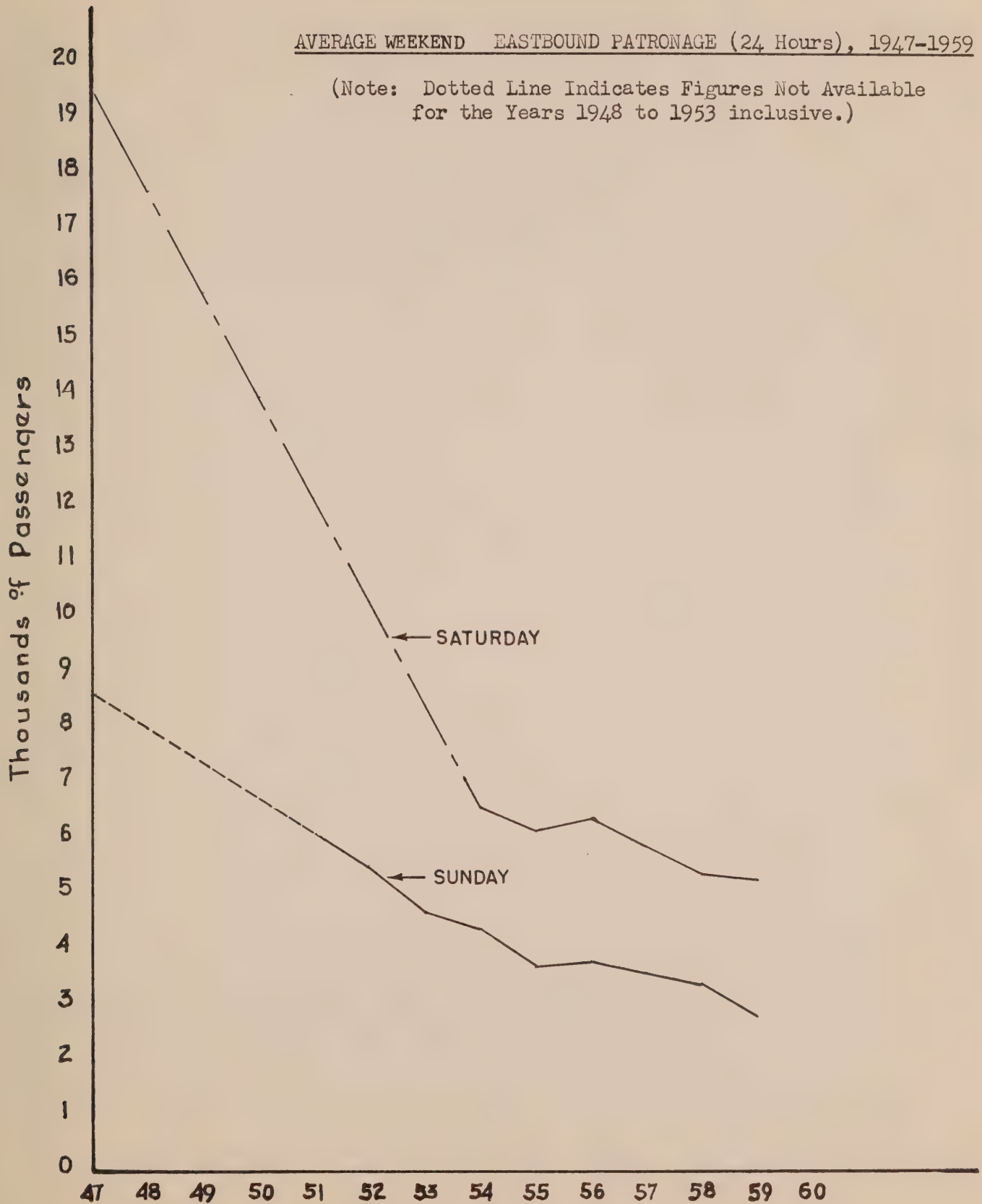
The Delaware, Lackawanna and Western Railroad Company

AVERAGE DAILY EASTBOUND PEAK PERIOD  
(7:00 A.M. to 9:00 A.M.) PATRONAGE, 1947-1959



The Delaware, Lackawanna and Western Railroad CompanyAVERAGE WEEKEND EASTBOUND PATRONAGE (24 Hours), 1947-1959

(Note: Dotted Line Indicates Figures Not Available for the Years 1948 to 1953 inclusive.)





The Delaware, Lackawanna and Western Railroad Company

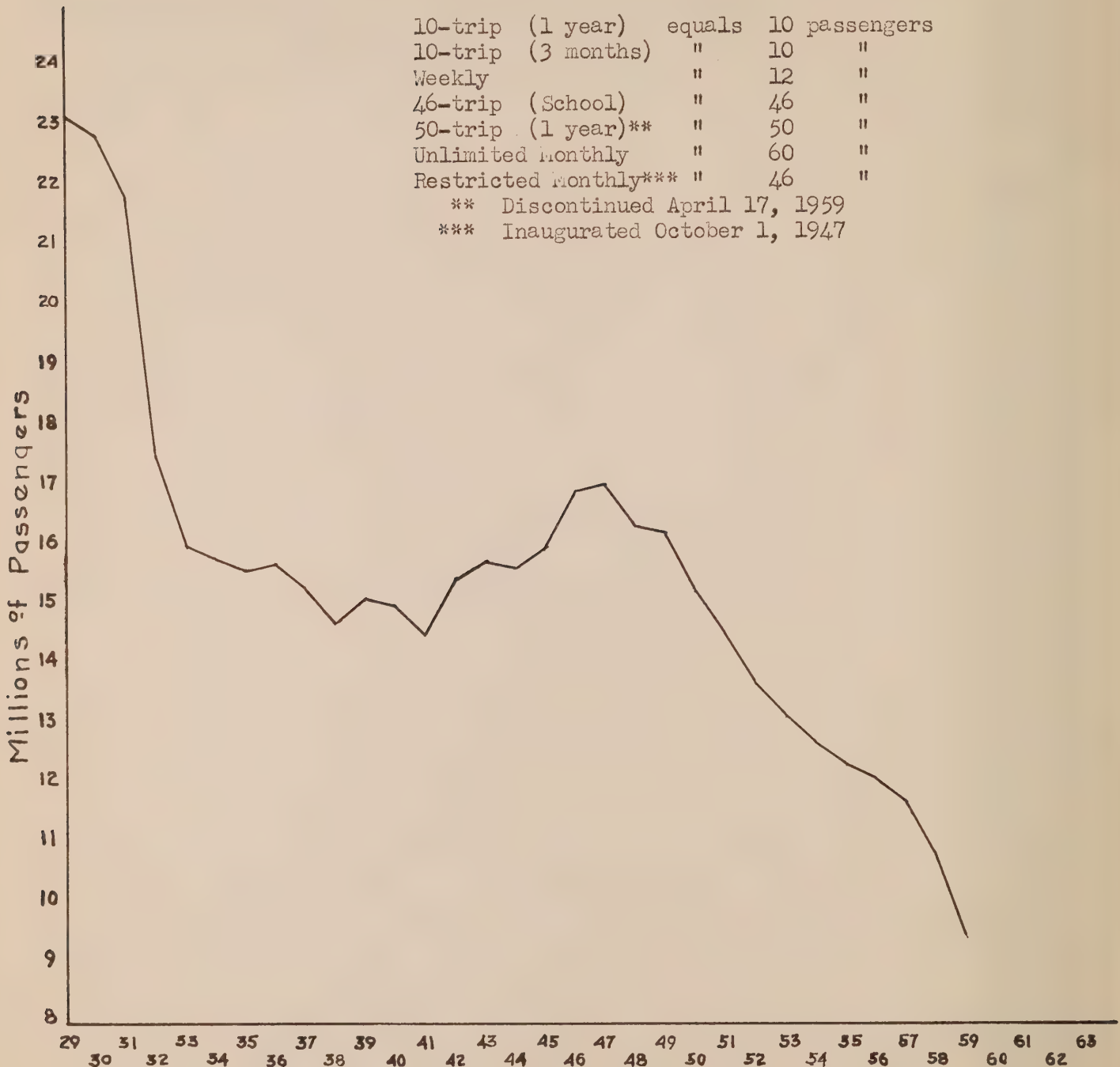
COMMUTATION and MULTIPLE RIDE PASSENGERS by YEARS, 1929-1959\*  
 (\*1959: Eleven month actual, December estimated)

Passengers Computed from Ticket Sales as follows:

10-trip (1 year)	equals	10	passengers
10-trip (3 months)	"	10	"
Weekly	"	12	"
46-trip (School)	"	46	"
50-trip (1 year)**	"	50	"
Unlimited Monthly	"	60	"
Restricted Monthly***	"	46	"

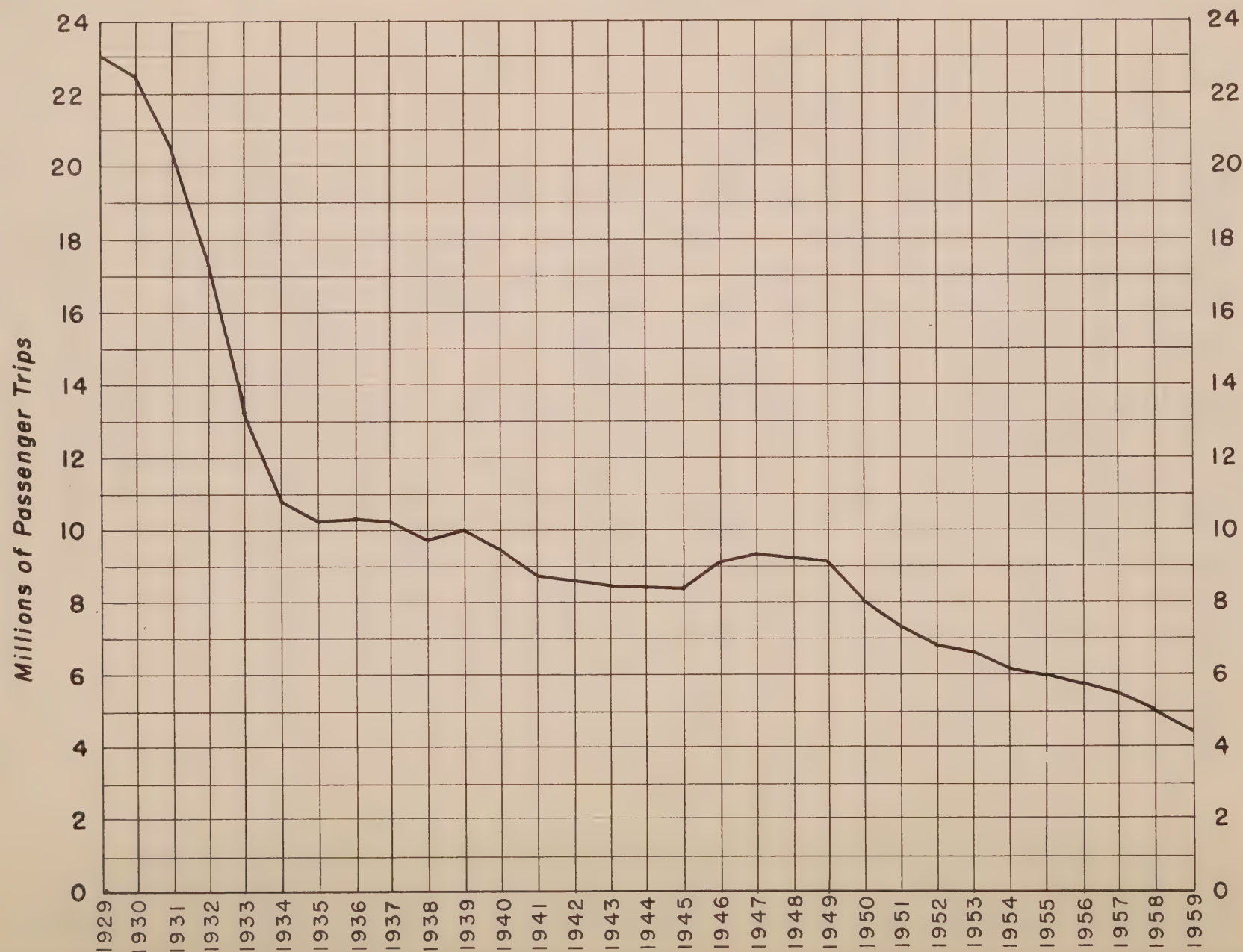
\*\* Discontinued April 17, 1959

\*\*\* Inaugurated October 1, 1947



# ERIE RAILROAD COMPANY

## SYSTEM COMMUTATION AND MULTIPLE RIDE PASSENGERS

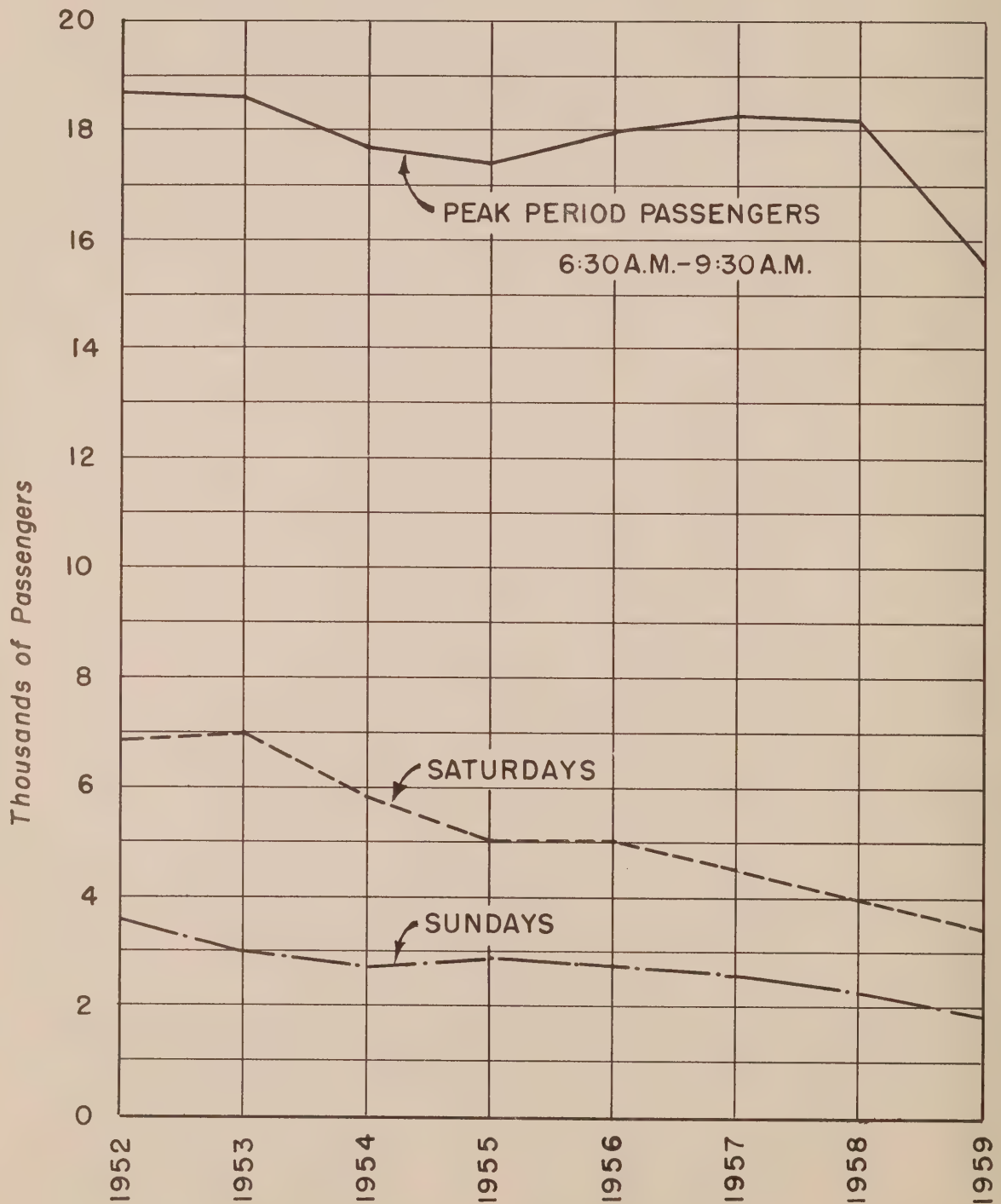




## THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

## TREND OF PASSENGERS

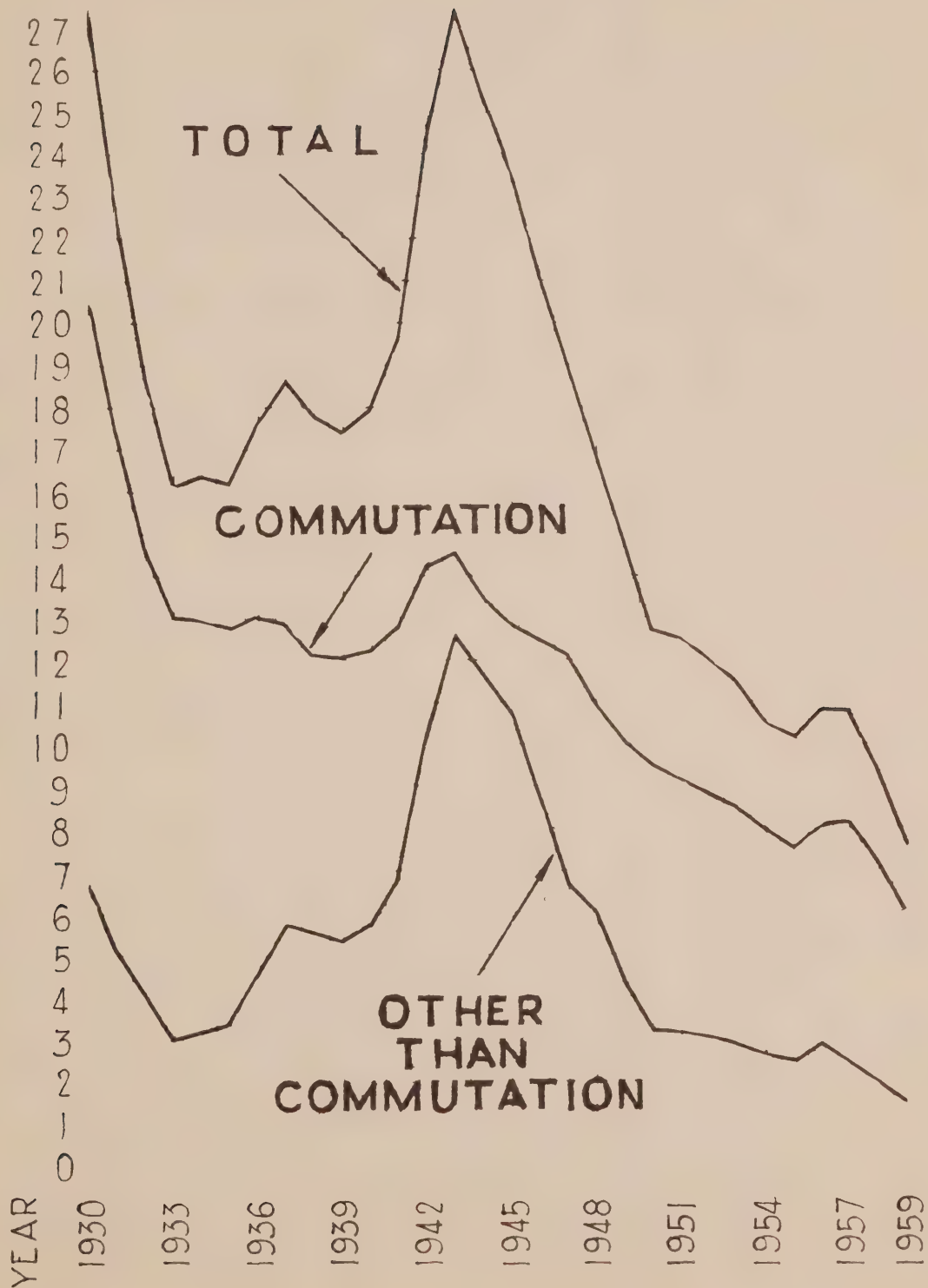
1952-1959



## THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

Trend Of Passengers

1930 ~ 1959

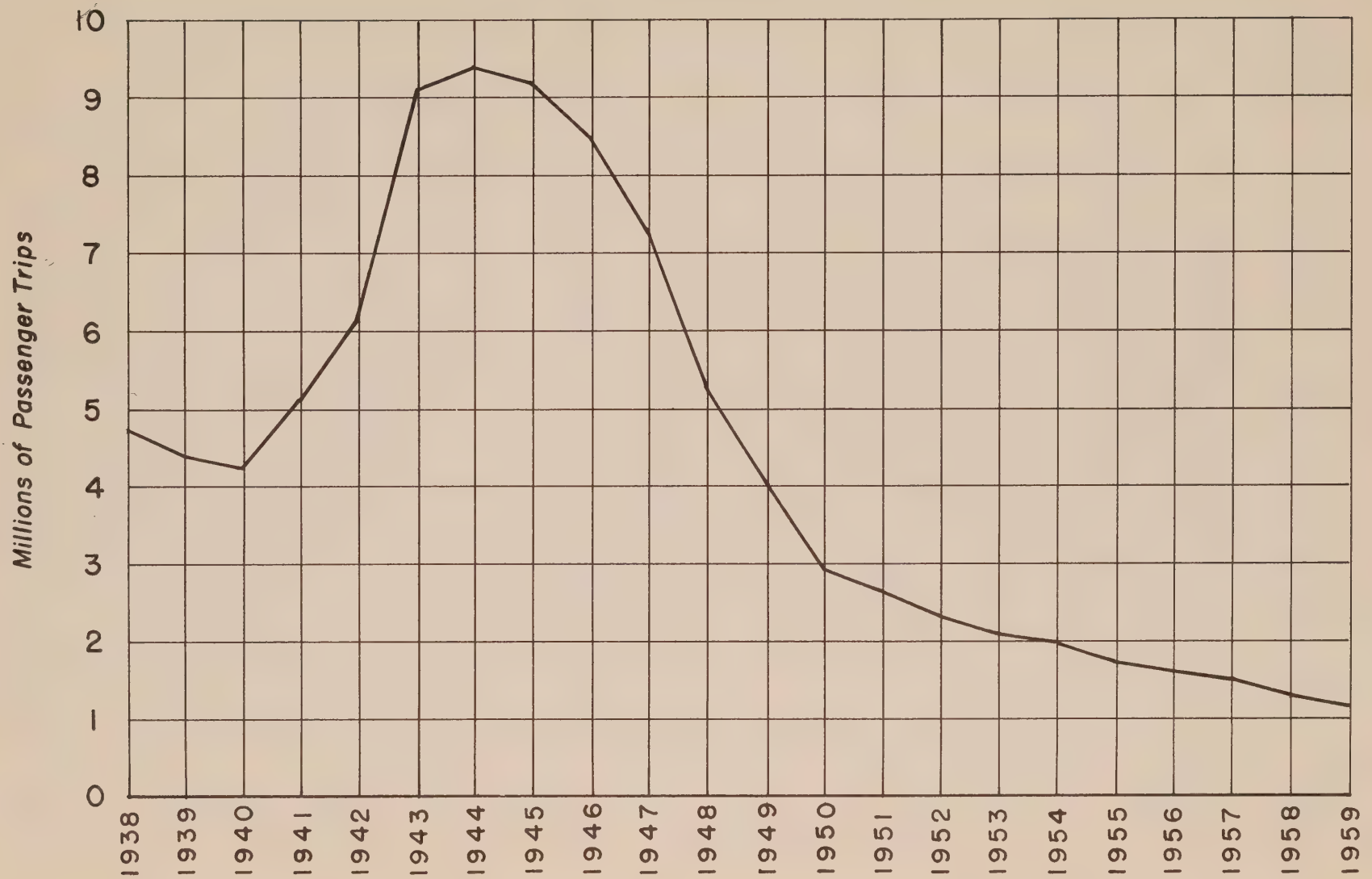
PASSENGERS  
(Millions)

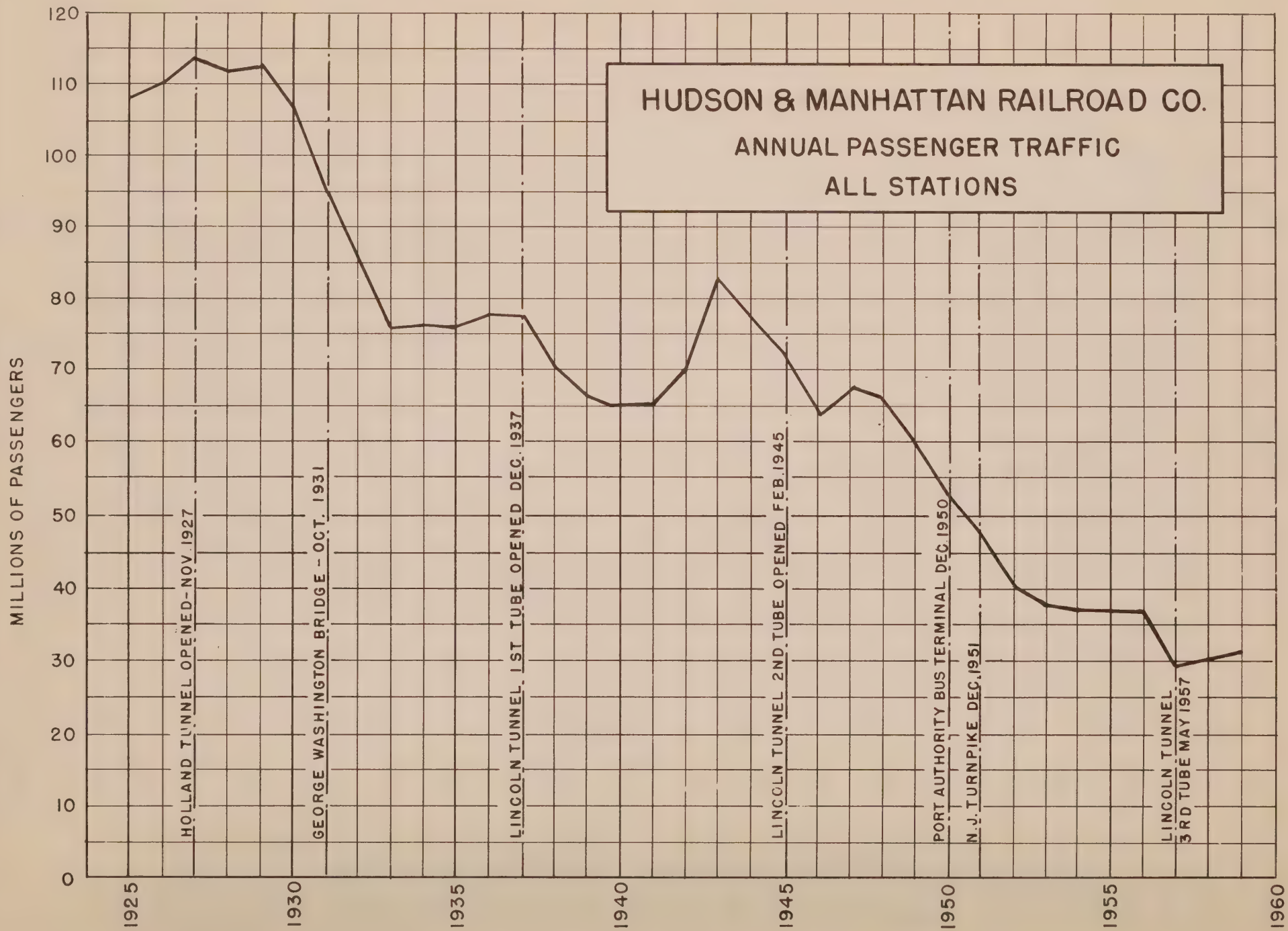
Note: One Month Estimated In 1959



# PENNSYLVANIA READING SEASHORE LINES

## TOTAL ANNUAL PATRONAGE

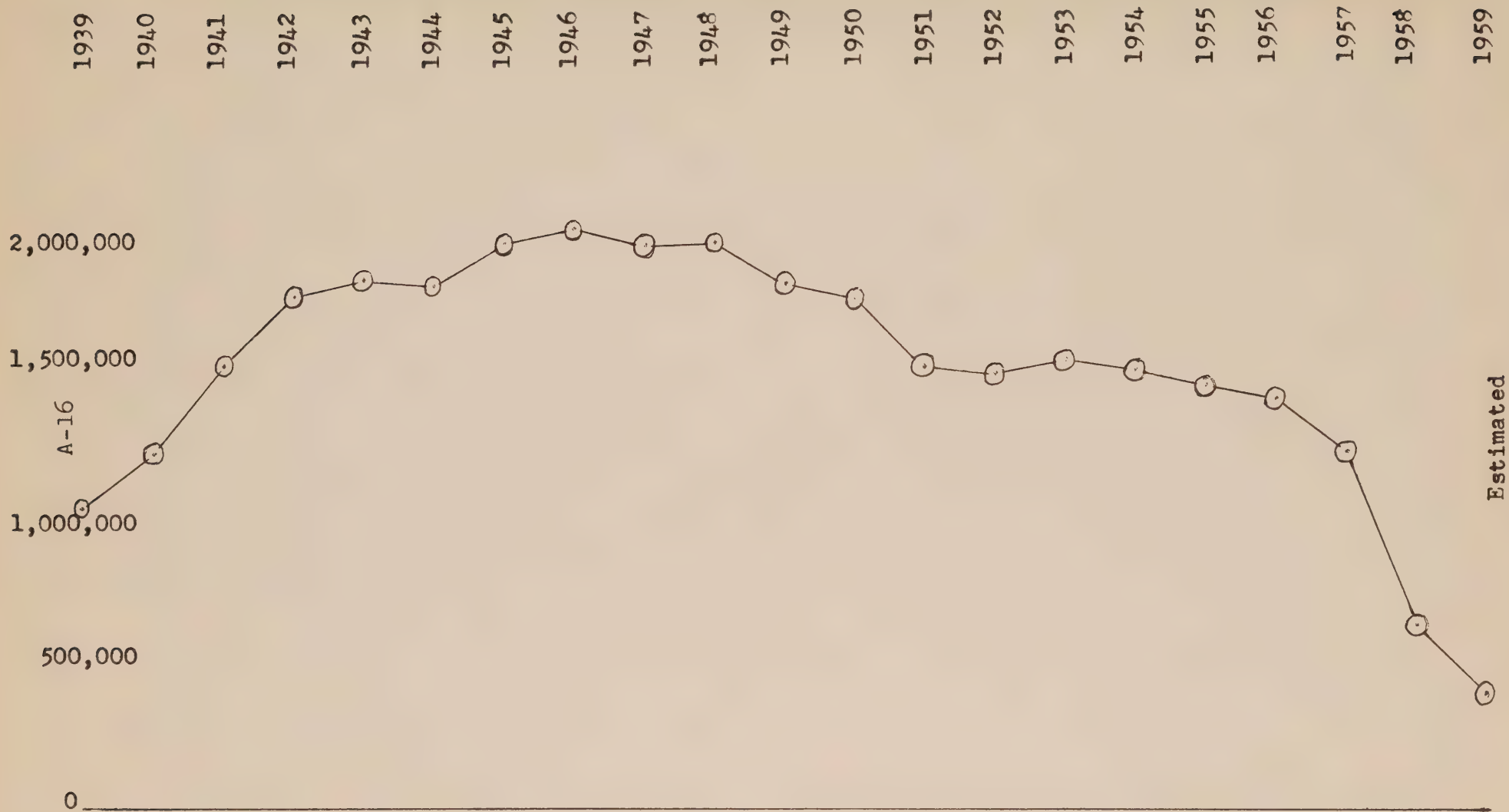






NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY

Total Number of Revenue Passengers Carried Each Year

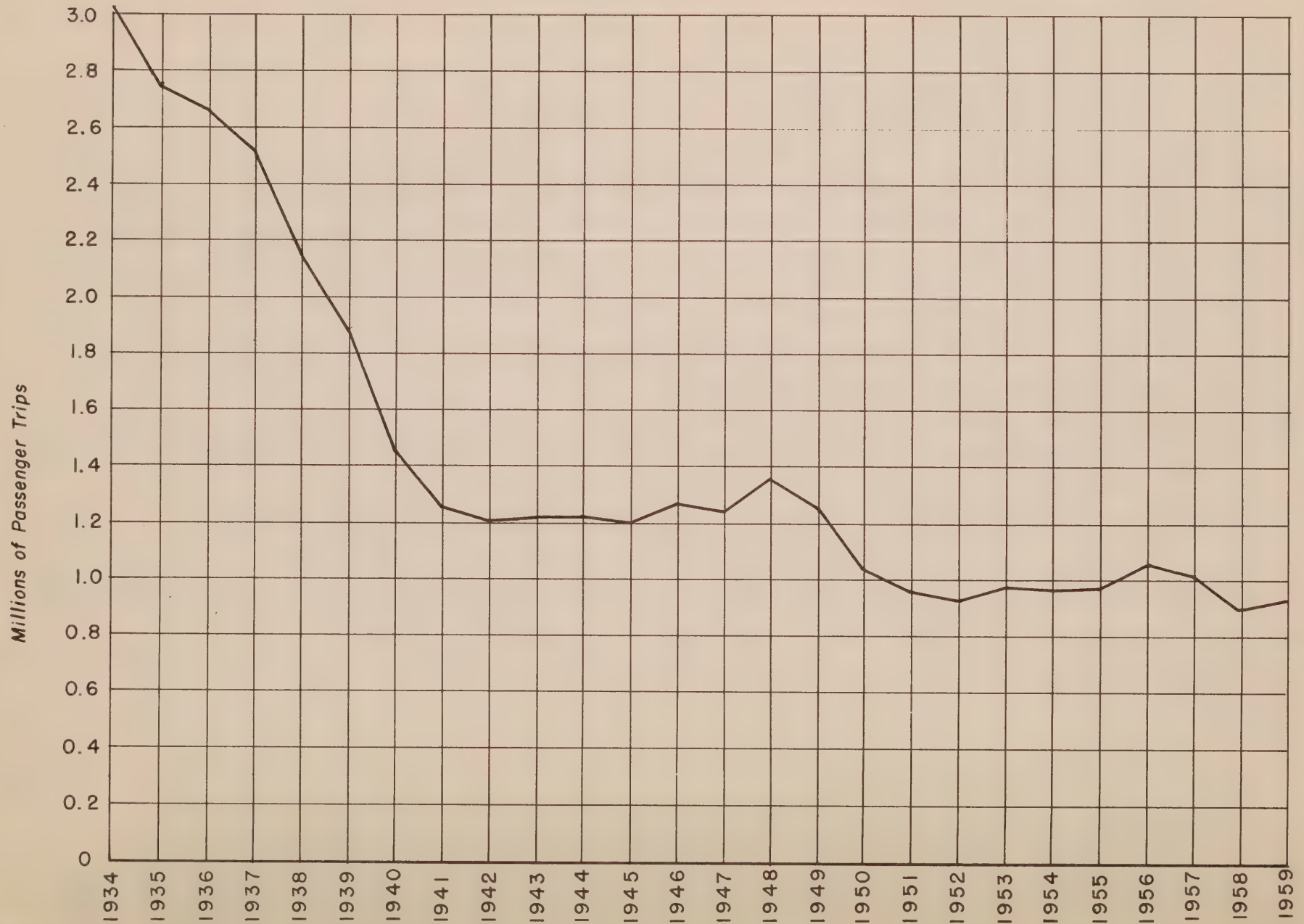


Office of President and General Manager

January 14, 1960

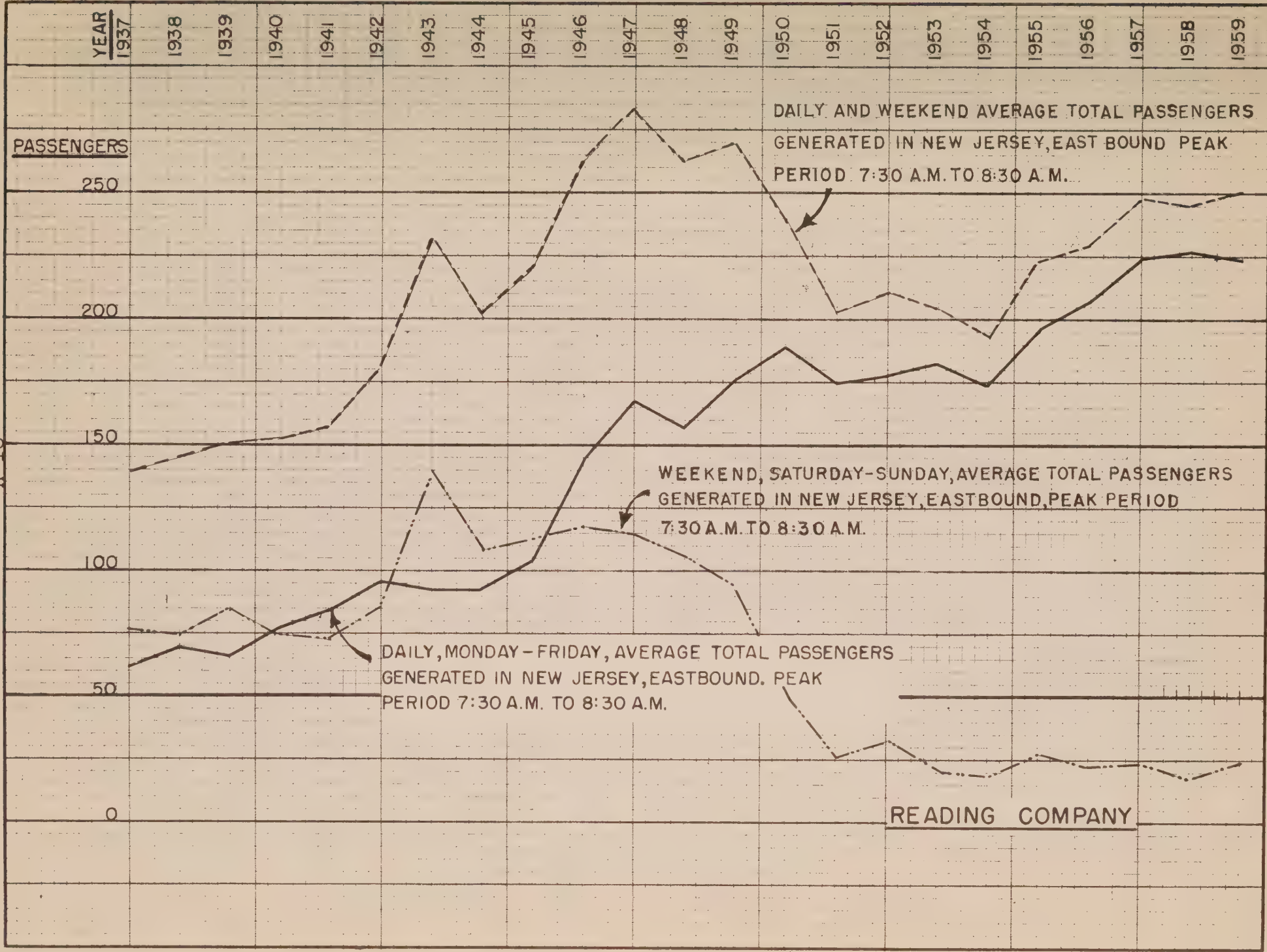
# NEW JERSEY AND NEW YORK RAILROAD

## TOTAL ANNUAL PATRONAGE

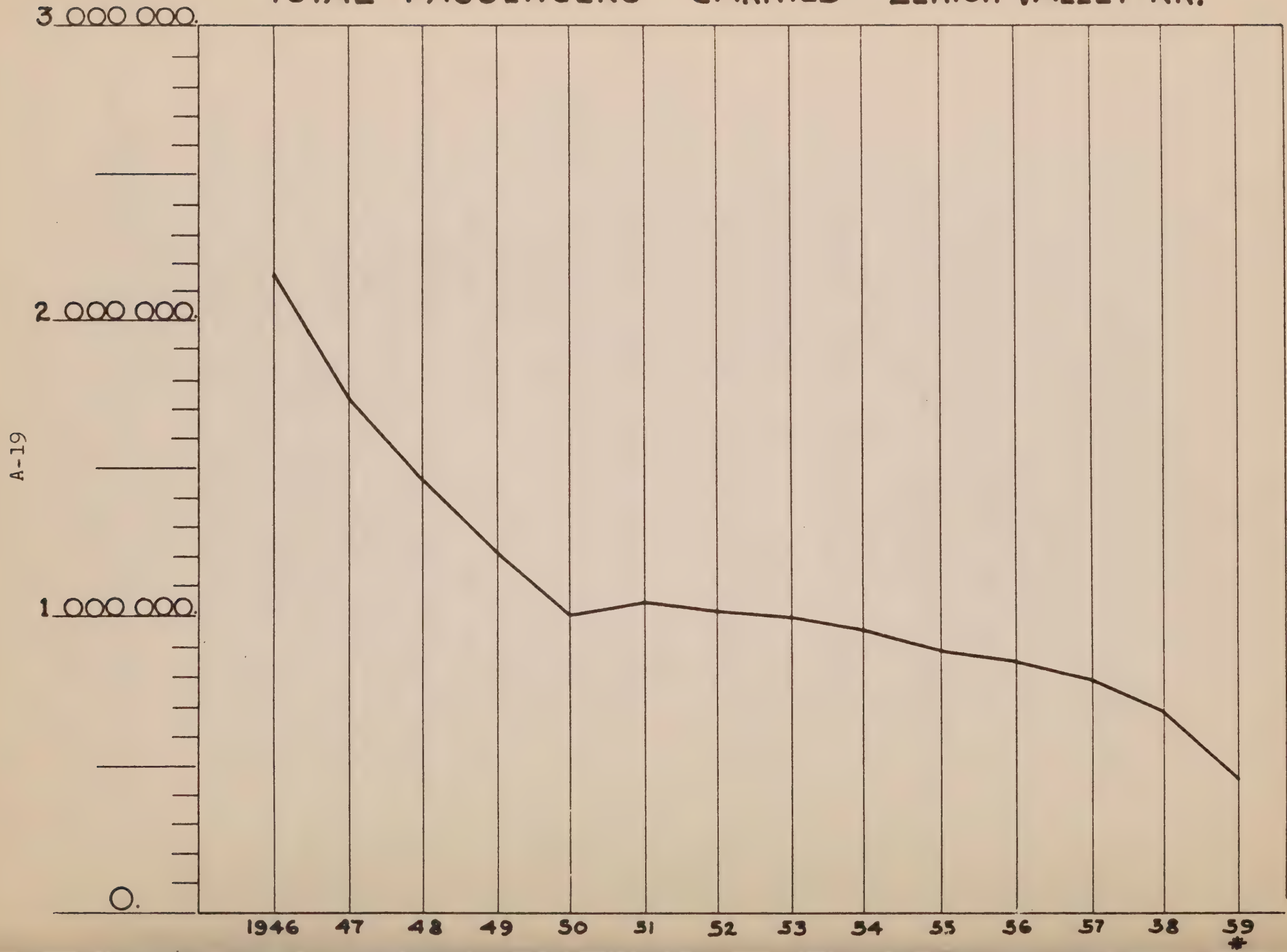




A-18



# TOTAL PASSENGERS CARRIED - LEHIGH VALLEY RR.





## PUBLIC INFORMATION PROGRAM

N.J. STATE HIGHWAY DEPT.-DIVISION OF R.R. TRANSPORTATION  
REFERENDUM #3-TURNPIKE SURPLUSES FOR TRANSPORTATION PURPOSES

A contract was executed for consulting services in connection with a program to make available to the citizenry information in respect to the proposal to utilize surplus earnings of the New Jersey Turnpike to finance continuation and improvement of mass transportation facilities throughout New Jersey. The plan was announced publicly (on June 16, 1959) by Governor Meyner and legislation for its effectuation was in process. From July 9 to July 27 efforts of the Division and its consultants were directed toward informing legislators of the essence of the plan on which they would be asked to act during their scheduled session on July 27. The following material was sent to each legislator on July 21:

1. Copies of a letter from Assembly Beadleston to the Division of Railroad Transportation listing questions pertinent to the plan and the Division's reply thereto.
2. A copy of Attorney General Furman's Formal Opinion No. 13 on the legality of railroad tax law revisions.
3. A brief description of proposed use of Turnpike surplus funds subject to legislative authorization and the several subjects currently under study.
4. A copy of proposed Legislation and Statement.

From July 27 to August 31, the date the Senate passed the measure, Commissioner Palmer and Consultants to the Division of Railroad Transportation appeared before many groups to explain the program, including the following:

- State Chamber of Commerce
- Automobile Association of America
- Hudson County Mayors Association
- Essex County Democratic Delegation
- New Jersey Taxpayers Association
- Commuter Groups
- Management of all Railroads providing passenger service in New Jersey
- Public Utility Commission
- New Jersey Turnpike Authority and its financial advisors
- Newspaper Editors

Subsequent to signing Bill A-692 into law on September 2, efforts to inform the public were increased. A display was set up at the State Fair in Trenton and was attended during exhibiting hours. Two pamphlets sponsored by commuter organizations were distributed. Special articles were prepared at the request of industrial and trade publications. The Motor Club of America, the New Jersey Manufacturers Association and the New Jersey Association of Real Estate Boards after obtaining data from our information office printed articles on the plan.

The formation of the Citizens Committee For Transportation Referendum-#3 on September 22 provided an effective medium for material favoring the Referendum and the Division cooperated with its efforts. The Committee first arranged to have 241 posters 10'x24' placed on billboards throughout the State. Mailing of



about 25,000 each of two pamphlets to service, civic, fraternal and professional organizations was next accomplished. A "Fact Book" folder and a "Question and Answer" booklet were then distributed in quantity to all banks in the state (for pick-up by public). This same material was also distributed to Chambers of Commerce, The American Legion, Veterans of Foreign Wars, to Presidents of Parent-Teacher organizations, school boards, State employees, commuter groups, planning boards, election workers, etc. This distribution totaled about 89,000 of each pamphlet. All such material and its distribution being financed by the Citizens Committee.

The Citizens Committee distributed 400,000 copies of a revised version of "Your Day of Decision" to all residences in Camden, Passaic and Union Counties and parts of Monmouth, Mercer and Hudson County.

The Citizens Committee also arranged for spot announcements on two New York and six New Jersey radio stations spoken by Governor Meyner and influential political and civic leaders during the last eight days before election. The messages varied from 20 seconds to one minute in length; 372 were spoken. On election day four stations carried live announcements saying that only certain hours (varied as day progressed) remained to "vote yes" on the Transportation Referendum. The Committee arranged for posters at the train stations and advertising cards in railroad trains with messages stating reasons for voting yes on #3.

Full page ads were taken on Friday, October 31, in the three Hudson County newspapers to counteract the campaign of the Hudson County Board of Chosen Freeholders. One-half page ads were taken in the Newark News and the Star Ledger on Monday, November 2, stressing benefits that non-commuters would realize from approval of the referendum.

The Citizens Committee sent out numerous releases to all newspapers and radio stations - the most effective of these were statements by the Committee members as to why they were supporting Referendum #3.

Governor Meyner's article in the October 26 Jersey Journal was reproduced and widely distributed. Two of Governor Meyner's weekly television programs emphasized the advantages of the Transportation Referendum.

The Morris County Railroad Transportation Association (established and financed by the Board of Chosen Freeholders) was particularly active in promulgating the virtues and urgency of the plan.

Their material was distributed by the "train seat" method, with all railroads cooperating with their efforts. In the last month of the campaign, three pamphlets were distributed by the Morris County Association entitled "Which Do You Want?"; "Your Day of Decision"; and "This Must Not Happen".

The Pennsylvania Railroad distributed 75,000 copies of a special folder prepared to support the Referendum. The Inter-Municipal Group for Better Rail Service distributed one of the pictorial



folders to selected civic organizations. The Transit Committee of Bergen County and the Citizens United Transit Committee sponsored 1/4 page ads in the Bergen County Newspapers and sponsored partial printing of two folders. The Simmons-Boardman Publishing Co. of 30 Church Street, New York City (publisher of Railway Age) distributed "Which Do You Want?" to its mailing lists. The Essex County Democratic Committee prepared and distributed by mail 100,000 pamphlets supporting Referendum #3 and the Essex County Democratic candidates.

The Hudson County opposition campaign capitalized on the "Blank Check" criticism by showing in their ads a check in the amount of \$430,000,000.00 made out to New Jersey Railroads; another ad showed a tug-of-war between New Jersey Railroads and school children for the surplus Turnpike funds. A third ad carried in Sunday papers gave "Facts of the Referendum" indicating that the railroads did not need tax relief or subsidies. The New Jersey Chapters of the Automobile Association of America distributed to its 120,000 members in New Jersey a small folder aimed at the "pig-in-a-poke" criticism. Automobile trade papers and periodicals printed articles asking for defeat of the referendum. Other automotive interests placed ads in the newspapers advising a "no" vote because of the further diversion of revenues derived from motorists.

The Division of Railroad Transportation issued numerous releases as the campaign developed; answers to questions submitted by Assemblyman Beadleston, the American Federation of Labor and the Jersey City Chamber of Commerce were notable in this category.

In the answers to the Jersey City questions it was stated that improvements in rail and ferry service would be accomplished by:

- (a) Stabilization of schedules and rates
- (b) Reduction of costs by eliminating duplicate lines and facilities.
- (c) Improvement of express characteristics of the service from the outlying stations (where patronage is increasing) by station consolidation, skip-stop schedules, eliminating some of the close-in stations (where patronage is declining).
- (d) Eventually providing new air-conditioned equipment on all highly patronized routes.
- (e) Ultimately eliminating the transfer at the Hudson River or reducing it to an "across-the-platform" transfer.

Senator Wesley L. Lance prepared an article in support of the referendum and provided the Citizens Committee with about 10,000 copies for distribution by them. The Council of Churches of Greater Trenton distributed a flier on the referendums urging a "yes" vote on #3. The New Jersey Taxpayers Association mailed to its membership a folder with "pro" and "con" arguments. The League of Women Voters agreed only to send out a brief statement explaining Referendum #3.

The following groups or organizations endorsed the plan:

- 1. The State Chamber of Commerce
- 2. The New Jersey Association of Real Estate Boards
- 3. Joint Committee of Municipal Groups of Northern New Jersey
- 4. Numerous Commuter Groups and Mayors Committees
- 5. Numerous Municipalities and Planning Boards
- 6. Senator Jones Committee
- 7. The Home Builders Association of New Jersey
- 8. The State C.I.O.



9. Both Republican and Democratic Parties (with some reservations)
10. The Association of New Jersey Railroads
11. The Regional Plan Association
12. Camden County Mayors Association
13. Council of Churches of Greater Trenton

Commissioner Palmer appeared personally throughout the State explaining the proposal to varied organizations. Other staff members also spoke on the proposal - its purposes and benefits - to groups in many of the State's municipalities. He also discussed the proposal as principal panelist on the "Rutgers Forum of the Air" program, and on "Legislative Report". Both programs were rebroadcast on a number of stations throughout the State. Both the Republican and Democratic incumbents and candidates were furnished a packet of material early in the campaign for speaking engagements; supplemental distributions were made as material developed or unusual editorials appeared. (Note: A report on the public information program would be incomplete without mention of the energetic and very effective efforts of Governor Robert B. Meyner in behalf of the referendum. Many people said during the campaign that if Governor Meyner or Commissioner Palmer could discuss the plan personally with all of the State's citizens, the plan would have no difficulty in being approved.) In addition to public appearances of Governor Meyner, Commissioner Palmer and the staff, the Community Committee of Northern New Jersey made up of about 75 railroad executives arranged for nearly 90

engagements to discuss the referendum before civic and fraternal organizations.

On file are copies of all material distributed by the Citizens Committee, Commuter Groups and Railroads, along with major newspaper ads both "pro" and "con" and a list of radio announcements. A report by Bozell & Jacobs, Information Consultants, on their activities and a memorandum and statistics pertaining to the vote are included in this appendix.

#### Expenditures

The contract negotiated with Bozell & Jacobs, Inc. dated June 29, 1959 carried a fee of \$43,000 plus reimbursement for certain expenses in travel, subsistence, art work, printing, etc. Subsequently, the extent of the public information work to be done by this firm was reduced and the fee was renegotiated in an amount of \$34,750 (including reimbursable staff expenses that amounted to \$7,100 for travel and subsistence). Three interim payments were made in amounts of \$10,750 and a final payment of \$2,500.



Citizens Committee for Transportation Referendum

Mr. Mark Anton, Chairman of the Committee  
President, Suburban Propane Gas Corporation

Mr. E. Donald Sterner, President  
Sterner Lumber Company

Mr. John J. Roe, President  
Hudson City Savings Bank

Mr. Charles W. Engelhard, Jr.  
Chairman of the Board  
Engelhard Industries, Inc.

Mr. Donald C. Luce, President  
Public Service Electric & Gas Co.

Mr. Lucius Parker, President  
Inter-Boro Savings & Loan Association

Mr. Francis Knowles, Manager  
DuPont Chambers Works

Mr. W. Robert Hale,  
Chairman of the Board,  
The Edison Bank - and-  
President, Edison Asphalt Corporation

Mr. Carrol M. Shanks, President  
Prudential Insurance Company of America

Mr. William A. Hughes  
Chairman of the Board  
N. J. Bell Telephone Company

Mr. Archibald S. Alexander, President  
Free Europe Committee, Inc.

Mr. David Van Alstyne, Jr., President  
Van Alstyne, Noel & Co.

Mr. Harold C. Hoffman  
Trust Officer  
The National State Bank

Mr. Thomas T. Taber, Chairman  
The Morris County Railroad Transportation Assoc.

Mr. Theodore L. Doyle, President  
N. J. Association of Real Estate Boards

Mr. Elwood F. Kirkman, President  
Boardwalk National Bank

Mr. Maxwell Lester, Jr.  
James H. Oliphant & Co.

Mr. Albert Metz  
Executive Consultant  
Okonite Company

## SUMMARY - VOTE ON REFERENDUM #3 - NOVEMBER 3, 1959

## TURNPIKE SURPLUSES FOR TRANSPORTATION PURPOSES

Reference to the attached statistics of the vote on Referendum #3 indicates that the voters showed more than ordinary interest in the proposal. 54.9% of the voters balloted on Question #3, with a high of 63.5% in Gloucester County to a low of 45.3% in Atlantic County.

The Referendum carried in seven counties: Atlantic, Hunterdon, Monmouth, Morris, Somerset, Union and Warren. Since none of these counties are recognized as Democratic strongholds, the success can be attributed to the bi-partisan support given the matter. Hudson County demonstrated its political discipline by regimenting its vote according to the dictates of its leaders. The editorial favor of Referendum #3 expressed in two of the three Hudson County papers and the advertising carried in all three Hudson County papers was ineffective against the campaign sponsored by the Board of Chosen Freeholders and the strong position taken by the County's political leaders.

The lack of Essex and Bergen County support of the question where both parties favored the plan and where a relatively high percentage of commuters reside and also where traffic on the streets and highways is, in commuter hours, intolerable begs understanding. Disapproval of the voters in the southern counties and western counties where the citizens have no reliance on the railroads and



where traffic conditions are not critical possibly could have been anticipated. The decisive defeat in Passaic, Mercer and Camden Counties resulted from local campaigns against the issue and lack of any assurance or understanding of what benefits these areas would receive from the plan.

Morris County has the highest percentage of rail commuters and has most to lose by cessation of rail service. Consequently, more work was done in Morris County to promote the measure, mostly through the Morris County Railroad Transportation Association, a county financed agency. As a result, Morris County turned out the largest percentage of registered voters of the populous counties (63%) with the highest percentage of pro votes (58.3%) and much credit is due former Mayor Thomas Taber of Madison who so ably assisted not only in Morris County but throughout the State to inform the citizenry of their transportation problem.

In summary, it might be said that the skepticism of the people of any real need to assist the rail carriers and the failure to understand the consequences of having no rail service, were principal reasons for defeat of the referendum - equal to the Hudson County opposition.

STATISTICS - VOTE ON REFERENDUM #3 - NOVEMBER 3, 1959

<u>COUNTY</u>	<u>1959 No. of Reg. Voters</u>	<u>Total Vote Ref.#3</u>	<u>% of Total</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>% For</u>	<u>Est.No.of Rail Com- muters*</u>	<u>% Rail Commuters To Total Voters</u>	<u>Remarks</u>
Atlantic	80,134	36,312	45.3	*19,880	16,439	54.7	1,500	Less than 2%	Philadelphia Commuters
Bergen	375,364	223,084	59.5	108,158	114,926	48.5	19,000	About 5%	Bi-partisan support
Burlington	76,955	47,687	62.0	18,780	28,908	39.4	3,000	Less than 4%	Many auto and bus commuters
Camden	184,298	83,776	45.4	32,851	50,925	39.2	5,000	Less than 3%	Camden & Phila. Commuters
Cape May	27,238	16,461	60.4	6,888	9,573	41.8	neg.	-	Philadelphia Commuters
Cumberland	48,710	25,583	52.4	6,443	19,140	25.2	neg.	-	-
Essex	396,608	194,976	49.2	89,993	104,983	46.2	21,000	About 5%	Adverse newspaper publicity
Gloucester	60,877	38,639	63.5	13,871	24,768	35.9	1,000	About 1.6%	-
Hudson	302,225	167,345	55.4	31,988	135,357	19.1	16,000	About 5%	Fear loss of R.R. Tax Revenues
Hunterdon	25,118	15,200	60.5	* 8,542	6,658	56.2	neg.	-	Bi-partisan support
Mercer	129,446	68,634	53.0	24,763	43,871	36.0	3,000	About 2.3%	-
Middlesex	200,297	111,731	55.7	43,307	68,424	38.8	6,500	About 3.2%	Newspapers adverse to plan
Monmouth	144,940	82,837	57.2	*42,579	40,258	51.5	8,000	About 5.5%	Bi-partisan support
Morris	109,432	69,012	63.0	*40,202	28,810	58.3	9,500	About 8.5%	Most work on proposal-highest percentage of commuters
Ocean	48,915	27,868	56.9	10,571	17,297	37.9	neg.	-	-
Passaic	183,889	92,433	50.2	33,680	58,753	36.5	8,000	About 4.4%	Local adverse campaigns
Salem	28,753	16,299	56.7	5,051	11,248	31.0	neg.	-	-
Somerset	62,420	35,326	56.6	*18,859	16,467	52.0	1,000	About 1.5%	-
Sussex	23,294	14,318	61.6	6,765	7,553	47.4	neg.	-	-
Union	235,733	137,969	58.7	*73,902	64,067	53.5	18,500	About 7.8%	High volume of commuters
Warren	30,483	18,363	60.3	* 9,591	8,772	52.3	neg.	-	-
TOTAL	2,775,129	1,523,860		646,664	877,196				

Total number of registered voters - 2,775,129

Total number of voters for candidates and referenda - 1,962,022

70.6% of registered voters cast ballots on candidates or referenda or both

1,523,860 voters cast ballots on Referendum #3 or 54.9% of the registered voters

77.7% of voters balloted on Referendum #3

\*Including Inter- and Intrastate totals;

Inter-state totals taken from MRTC survey-  
intrastate commuters estimated.



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 NEW YORK 36, N. Y.

November 24, 1959

Commissioner Dwight R. G. Palmer  
 STATE HIGHWAY DEPARTMENT  
 1035 Parkway Avenue  
 Trenton, New Jersey

Dear Commissioner Palmer:

We respectfully submit the following report of our activities with regard to the Transportation Referendum in New Jersey.

Bozell & Jacobs developed and carried out an information program for the New Jersey Transportation Referendum that utilized all types of accepted communications procedure.

The agency provided counsel and staff assistance at all times and on all levels with the Division of Railroad Transportation.

A staff man and an assistant were resident in Trenton throughout the program with an office in the Highway Building.

Other members of the staff worked on varying special tasks throughout the information project.

Personnel from many departments of the agency were actively engaged on the project. These included:

- Production - coordination, processing and expediting of informational material.
- Research Library - backgrounding of facts in related situations in other states, locating lists and guides for distribution purposes.
- Radio-TV - Recommendations for programming (not used).
- Creative Director - design and format of visual exhibits, posters and charts.





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